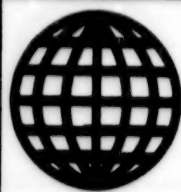


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JPRS Report

Near East & South Asia

Near East & South Asia

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REGIONAL AFFAIRS

Rights of AIDS Victims, Other Issues Defined

94AF0078A Cairo AKHIR SA'AH in Arabic 2 Feb 94
pp 21-23

[Article by Hasan 'Allam: "40 Million AIDS Cases by the Year 2000! Sharp Dispute Among Clergy Over Sick Mothers' Abortions"]

[Excerpts] According to the World Health Organization's [WHO] figures, the number of AIDS cases is rising constantly, and in just six years, that is, in the year 2000, the number of those infected with the virus will reach approximately 40 million, with 90 percent of these cases in the developing world!

In the face of these dreadful figures, the Islamic Medical Sciences Organization organized its sixth juristic symposium, entitled "An Islamic View of the Social Problems of AIDS." It was held in Kuwait and attended by representatives of 35 countries of the world, among them Egypt, which sent a medical delegation headed by the Minister of Health and a number of Muslim ulema, led by His Excellency the Mufti of the Republic. They discussed extremely sensitive topics and issues, such as:

The isolation of AIDS patients; the position on someone who spreads the virus intentionally, the rights and duties of an infected husband; the admissibility of performing an abortion on an infected mother; the extent of her nursing and breastfeeding her healthy child; the right of a healthy spouse to seek separation from an infected spouse; the nature of the marital intimacy under these circumstances; and whether AIDS may be considered a fatal disease.

The conference spent three days in study and lively discussions, and ended its closing session with a number of important proposals and recommendations.

At the beginning of this symposium, which is the Islamic Medical Sciences Organization's first since the liberation of Kuwait, and held in cooperation with the Kuwaiti Ministry of Health, the Academy of Islamic Jurisprudence in Jeddah, and the regional office of the WHO in Alexandria. One hundred and thirty medical and Islamic figures representing 35 Islamic and non-Muslim countries set out, at the outset, the global AIDS situation with the last WHO reports prepared by Dr. Muhammad Hilmi Wahdan, WHO's Director of Disease Prevention and Treatment, followed by Dr. Muhammad Haytham al-Khayyat:

In the space of just a decade, AIDS has become an epidemic affecting millions of men, women, and children on every continent. Despite the early cases that appeared among "sodomite" men in several industrialized countries, it has since then become a wide-ranging plague. [passage omitted]

Disaster of the Developing Countries

It is indeed strange that approximately 90 percent of expected AIDS cases are in the developing countries. The situation is critical in the sub-Saharan region of Africa, where the number of adults infected with the virus exceeds seven million. About a third of pregnant women who have visited pregnancy clinics in the cities are infected with the human immunodeficiency virus. As a result, WHO now expects that by the year 2000, between 5 and 10 million HIV-infected children will have been born; by the mid-1990s—about one year from now—the anticipated increase in juvenile AIDS deaths will be equal to the decrease in deaths achieved by the Save the Children program over the last two decades!

The average life expectancy at birth in these African countries before the spread of the AIDS virus rose 20 percent, but it will actually drop 5 to 10 percent by 2000, instead of rising, had it not been for the AIDS virus.

Egypt participated in this symposium with a high-ranking medical delegation led by Minister of Health Dr. 'Ali 'Abd-al-Fattah al-Makhzanji and a host of Egypt's medical notables: Dr. Ibrahim Badran, professor of pediatrics Dr. Ahmad Mustafa 'Isa; dean of medicine at 'Ayn Shams University Dr. Salah 'Id; Dr. Hasan Hathut, a native of Egypt who held the highest post in the Kuwaiti Ministry of Health; Dr. Hamid Shatlah, professor of pediatrics at 'Ayn Shams; Dr. Usamah Ruslan, secretary general of the Egyptian Doctors' Syndicate; Dr. 'Abd-al-Mun'im Abu-al-Fattuh; and the "dynamo" of the conference, Professor Dr. Ahmad Raja'i al-Jundi, the second man in the Islamic Medical Sciences Organization serving as assistant secretary general after Professor Dr. 'Abd-al-Rahman al-'Awadi, the secretary general and former Kuwaiti minister of health and planning.

A number of senior Muslim ulema from Egypt also took part in this juristic and medical symposium, most prominently His Excellency the Mufti of the Republic Dr. Muhammad Sayyid Tantawi, Muslim preacher, Dr. Yusuf al-Qardawi, and rector of al-Azhar University Dr. 'Abd-al-Fattah al-Shaykh.

Islamic Medical Cooperation

The fact is that the scientific, medical, and Islamic interaction was clear during the symposium's heated debates. The topics were not the traditional ones, as is the case in many conferences. Specific topics were brought up, relating to AIDS victims, which required decisive judgements from the ulema, researchers, and physicians taking part, on every case separately. Among the cases upon which judgements were made, were the ruling on isolating AIDS patients; on the intentional transmission of the virus; the rights and duties of an AIDS-infected spouse; performing abortion on an AIDS-infected mother; the admissibility of an infected mother nursing her healthy baby; the right of a healthy spouse to request separation from an infected partner; and the right of marital intimacy. These are all, as we can see, thorny and sensitive issues many ulema would hesitate

to approach, but in this instance they talked with frankness and clarity, on the basis that there is no shame in science and religion.

They discussed the issue of isolating AIDS patients, and the senior physicians participating said that the AIDS virus is not transmitted through cohabitation, touch, breathing, through insects, sharing food, drink, toilet facilities, swimming pools or chairs, nor even through sharing eating utensils, or other aspects of living together in normal daily life. The virus is transmitted, however, chiefly through sexual contact of any kind, the transfusion of contaminated blood or its derivatives, the use of contaminated needles, especially among drug users, or transmission from an infected mother to her child.

In accordance with all this, the ulema in the symposium resolved that there was no justification for isolating infected pupils, workers, or others from their healthy colleagues.

The symposium dealt with the issue of intentional transmission of the AIDS virus to healthy persons by any means, which the ulema viewed as forbidden and as gravely sinful and criminal, requiring temporal punishment. This punishment should vary to suit the degree of seriousness of the deed and its effect on individuals and society.

Combatting Those Spreading the Virus Intentionally

The purpose of those intentionally spreading this deadly disease in society, and this deed, is a type of war and corruption on earth; one of the punishments stipulated for it in the [Koranic] Verse of the al-Harabah—if the purpose in intentionally spreading the virus is harm to a specific person, and the virus actually is transmitted, and leads to the death of the one to whom it was transmitted—would be retaliatory death, or execution.

If the purpose in intentionally spreading the virus is to harm a specific person, but the virus is not transmitted to him, then the perpetrator must receive a restraining punishment.

The symposium also touched on the issue of abortion for an AIDS-infected mother. On this issue there was a clear difference among the ulema, but they cited a judgement reached by the Islamic Medical Sciences Organization in a previous conference on Childbearing in Islam, which ruled on abortion that the fetus is alive from the beginning of conception, and that its life is inviolable at all stages, and that there could be no harm inflicted on it by abortion except in cases of extreme medical need. Some participants, however, sharply disagreed with this judgement, saying that abortion is permissible before the fortieth day of pregnancy, especially when there are good reasons.

Participating members of the symposium discussed the issue of AIDS-infected mothers nursing their healthy babies, citing the views of pediatrics professors, among whom, as we have mentioned, from Egypt, Dr. Ahmad

Mustafa 'Issa, professor of pediatrics and president of the Egyptian Friends of Mothers' Milk Society, Dr. Hamid Shatlah, professor of pediatrics at 'Ayn Shams, pointed out that according to current medical data there is no certain danger in an AIDS-infected mother nursing her healthy baby. This is an instance of normal cohabitative intercourse. The view of the ulema in this symposium, based on this data, is that in Islamic law there is no impediment to the mother's nursing.

Prevention for Child of an Infected Mother

While the likelihood of a healthy child being infected by his AIDS-infected mother through breastfeeding is extremely rare, when it has been found to be the case, it was due to the presence of the virus in the mother's milk or the mother's blood, transmitted to the baby's mouth due to a crack in the nipple. The mother may breastfeed for its many benefits, and she must take care to reduce the likelihood of infecting her nursing child. She may refrain from breastfeeding if she can find a wet nurse to suckle it, or to give him alternatives to mother's milk to nourish him.

They discussed the right of a healthy spouse to request a separation from an AIDS-infected partner, and concluded that either spouse may request a separation from an AIDS-infected partner, as it is an illness whose virus is transmitted chiefly through sexual contact.

The topic of this unique symposium, held in Kuwait under the sponsorship of His Royal Highness Shaykh Jabir al-Ahmad al-Sabah, the Amir of Kuwait was the clarification of the rules of Islam on the effects of the spread of AIDS, and so the ulema and physicians found no embarrassment in discussing a sensitive topic, which was the right of marital intimacy in cases of AIDS infection. They concluded that if either partner were to be infected with this disease, then the uninfected partner may refrain from marital intimacy, because sexual contact is the major mode of transmitting the virus.

If the healthy partner wishes to have sexual intimacy, then prudence requires him to use a condom, which reduces the likelihood of the virus and pregnancy, if he knows how to use it properly.

The members of the symposium did not consider AIDS to be a fatal disease, until its symptoms appeared fully, and the patient was no longer able to pursue a normal life, and died.

Ten Years of AIDS

Addressing the importance of this symposium, and the Islamic view of the social problems of AIDS, Egyptian scientist Prof. Dr. Ahmad Raja'i al-Jundi, assistant secretary general of the Islamic Medical Sciences Organization spoke to AKHIR SA'AH. He said:

"For 10 years the world has been devastated by this plague of our time, whose like the world has not yet seen.

Before this sickness research is helpless to offer treatment, with those infected condemned to death, even though that may be after some time. This great threat to humanity confirms the words of the Prophet:

"If fornication spreads among a people, and they flaunt it, pains and illnesses that they never had before will appear on them." If we consider this saying of the Prophet, we see that it speaks of fornication and the flaunting of it.

"Now, with a passing glance, we find that the Western and Eastern worlds take pride in the absolute freedom which has given people sexual freedom so that they are more like animals than people, to the point that in the last conference on human rights, one of the points of conflict between the advanced countries and the Islamic group was complete, unrestricted freedom, including sexual freedom, in which they take pride, disdaining our Muslim countries. And now they are reaping what they have sown, with this calamitous plague sweeping the world, which may annihilate it if science does not find decisive solutions to this problem in the very near future.

"The poor countries of Africa, and those of East Asia, are today seeing some villages being wiped out of existence by this dangerous disease. One of the common sights now is to see whole villages whose young people are gone, those who would have been producing or working, while the overwhelming majority still alive are old men and children!

"Fortunately, in our Islamic region the effects of the virus are still under control, and far less than in other, Western countries. Perhaps the most important difference between us is our adherence to the teachings of Islam. Virtue and chastity still have their place among Muslim peoples; right and wrong have their roots in our peoples' consciences. Adultery is still a major crime in our societies. We must commit ourselves even more to the Koranic verse, 'Approach not adultery; it is an abomination and an evil path.'"

Protection from Vice

"If we consider this verse carefully, we see that the ban on adultery came with a warning not to approach it; approaching it means the ways leading to it, whether by way of the woman taking the steps necessary to protect herself by wearing modest Islamic clothing, and saving her adornments for her husband; or with men avoiding temptation, so that Satan will not seduce him into vice.

"The Prophet, God's peace and blessings be upon him, said, 'O community of young men, let those of you who can provide, get married, and let those who cannot, fast and abstain.' Thus we are all asked to facilitate marriage for the young, to safeguard the resources of the Islamic community from being lost, for the young are the pillar of the community.

"It is not, however, merely a question of marriage. How many married men and women do we see betraying the

vows they made to God? So the important thing, the more serious thing, is to raise our youth and the new generation in a purely Islamic way, for God's sake. They should know the limits God has set, and have certain knowledge that God is watching them, and that He knows what the eyes betray, and what is hidden in their hearts. They must learn to judge themselves before others judge them. If we can plant these virtues in them, we can guarantee them a safe, serene, secure life, no matter what modern challenges face them, sexual or non-sexual.

"It is expected that by the year 2000 the number of AIDS cases will grow to 40 million, and this staggering number will cause a great many social problems. There are many groups, including AIDS groups, which have been able, through their political influence, to politicize the disease. Perhaps most of these are in America, England, and France; they do not hide their infection with AIDS, but help to spread it in order to reap many political and social gains. There are human rights groups that sympathize with these infected people, and there are groups of scientists interested in ethics who have all used their own reasoning, and made legislation, and given the sick and the infected many, many rights, at the expense of the well-being of their societies.

"All this omits the Islamic view, with individual reasoning to fill the need of the Islamic community, which is 'the best community raised up for mankind.' It is the first to lead with legislation, and the reasoning of its ulema and jurists is from known sources, which does not bring evil upon itself, from the holy Koran and the traditions of the Prophet. This is the main motive behind the holding of this symposium, 'An Islamic View of the Social Problems of AIDS,' under the sponsorship of His Highness the Amir of Kuwait, and the participation of men learned in Islamic jurisprudence, and the medical, social, and legal sciences from more than 35 Islamic and non-Islamic countries."

Declaration of Conference Resolutions

In the closing session held in the Islamic Medical Center in the Islamic Medical Sciences Organization, its secretary general, Professor Dr. 'Abd-al-Rahman 'Abdallah al-'Awadi, announced the resolutions of this important conference:

- It is the right of a person infected with the AIDS virus to obtain the treatment and health care required by his health condition, regardless of how he became infected with the virus. He must inform his doctor and the competent authorities of his infection, as a precaution against transmitting the virus to others. The doctor must treat him and take precautions against being infected himself; he must make the AIDS patient aware of ways of keeping his health from deteriorating, and keeping the virus from others. He must not be oppressed, slandered, or abandoned because of his illness.

- To protect youth from sexual perversion, early marriage must be encouraged, and the obstacles to it, which cause the age of marriage to be delayed, should be removed.
- It is the duty of official and popular bodies to take action to make members of society aware of the danger of AIDS, the ways in which the virus is spread, and methods of prevention—especially abstinence and an adherence to virtue.
- Islamic precepts must be made part of the school curriculum at all educational levels, to complement the other subjects in building character, for the good of individuals and society, and to ensure the prevention of this plague.
- The media has a significant role in making the public aware of the dangers of AIDS, and methods of preventing it, especially in promoting abstinence. The media must also avoid showing anything that might inflame the passions or sinful temptations.
- Official agencies must offer the facilities needed to diagnose the AIDS infection on a widespread basis, as early detection has a real effect on preventing the spread of the disease.
- This conference calls upon all religious and rational people throughout the world to join their ranks and efforts with Muslims in their call for abstinence, and combatting all means of sexual contact outside legal marriage.

PALESTINIAN AFFAIRS

Hamas-DFLP Tensions Rise

94AA0047A London AL-HAYAH in Arabic 25 Feb 94
p 5

[Article by Ibrahim Humaydi: "Hamas' Admission of Killing DFLP Member Kindles Political Dispute, Could Lead to Worse"]

[Text] Escalation between the Islamic Resistance Movement (Hamas) and the Democratic Front for the Liberation of Palestine [DFLP] led by Nayif Hawatimah, continued on 24 February to an extent that threatens continuation of the alliance that exists between the two groups within the framework of the alliance of Palestinian forces opposed to the self-government agreement between Israel and the PLO.

Perhaps the most prominent development, which appeared on 24 February, was Hamas' admission of responsibility by its military wing—the 'Izz-al-Din al-Qassam battalions—for the murder of DFLP member Yusuf 'Abu-Lafi on 15 February. The secretary general of the Islamic Jihad Movement, Dr. Fathi al-Shaqqaqi, told AL-HAYAH that this development "could negatively influence the alliance's continuation." He added: "Continued escalation between the two groups could affect the alliance but will not destroy it. As for the matter of killing Abu-Lafi, that is most serious. Therefore, we have agreed that it is a private matter among ourselves."

The case of Abu-Lafi's murder, after having been abducted for three days, increased tension at the meeting of the 10 factions' leaders at the beginning of this week, although Hamas did not claim responsibility for the murder during that meeting. It asked that it be referred to the leadership to make a final decision. However, the DFLP stated that Hamas was responsible, pointing out that the posters hanging in the streets of Khan Yunis were signed by Hamas. This led to tension in the meeting, and a committee was formed, chaired by Talal Naji, a leader of the Popular Front for the Liberation of Palestine-General Command [PFLP-GC] (led by Ahmad Jibril). Each faction is to submit an official report, in which it will clearly state its views. An internal memorandum will be issued with the investigation's results.

Hamas' representative in Damascus, Abu-Muhammad Mustafa, confirmed to AL-HAYAH that Hamas was responsible for Abu-Lafi's death, "because he was an agent of the Israeli occupation forces. He was killed after his dealings with them were confirmed." He stated that he had personally given Mr. Naji a detailed report "exposing Abu-Lafi's activities. A video cassette accompanied the report with pictures confirming our opinion, stressing that he deserved to die."

DFLP sources, for their part, told AL-HAYAH that "Abu-Lafi's blood will not be shed in vain. The hands of Red Star battalions (the front's military wing) will reach out for those who committed this crime." The sources stated: "Abu-Lafi was a noble fighter. Representatives from the National Action Committee and prominent national figures, except for Hamas representatives, participated in his funeral."

The sources added: "No one has the right to judge people." Abu-Muhammad Mustafa replied vehemently to the accusations that Hamas bears responsibility for hindering the course of the alliance. He stressed to AL-HAYAH that the movement was not backing away from the step it had taken. The first step back must be taken by them (the DFLP)."

Mustafa added that Hamas refuses to enter a unified slate with the DFLP in future professional and medical elections, "because of obstacles that would prevent that. First, there is the mistrust between the factions in the occupied territories, as a result of the DFLP's claiming credit for four military operations that we carried out, and their demands for more seats than the votes they won." He pointed out that, in the Engineers Union elections in the Gaza Strip, the DFLP demanded more votes than they had, and made that a condition before entering a unified slate with Hamas. "We refused to give them more than they won. For their part, they refused to enter any future slate. They lost and did not win any seats; we won six seats."

The Hamas representative in Damascus added that this matter was nearly repeated in the Doctors' Union elections. "Certain DFLP and PFLP cadres voted for Fatah,

rejecting the alliance with us. Some others were reluctant, and some were lightweights. As a result, we entered with the Islamic Jihad in a bloc. The PFLP and the DFLP were in a bloc, and Fatah was allied with independents. 'Arafat's group won 11 seats, and we lost."

Abu-Muhammad indicated that the DFLP and the PFLP had demanded more than their share. "The proof is that they won only 13 percent of the vote compared to our 33 percent. Furthermore, the largest number of votes went to Muhammad al-'Akluk, Hamas' candidate, who won 370 votes, compared to 157 votes for the PFLP candidate, Rabbah Mahna'. The two fronts bear responsibility for giving in to Fatah because of factionalism. This is one of the reasons for the mistrust."

Regarding the DFLP's accusing Hamas of factionalism for not joining with it in a single slate in the Islamic University elections, Abu-Muhammad Mustafa stressed that "there was no reason for us to join in a unified slate, because it was completely decided for us, just like their position in Bayt Sahur (Gaza) in the Orthodox Club. Consequently, any success for us or for them was success for the alliance. There was no reason for us to be on a single slate."

Regarding the question of forming the National and Islamic Command for the Intifadah, Abu-Muhammad stated that Hamas rejects forming this command at the present time. He said: "To form a command like this, everyone must be equal in effective military action at home. However, Hamas carries out all the military action and bears all the daily consequences alone. Forming a command will never suit us, so long as our demand—that the standing in the alliance and command be in comparison to the size of each faction and its weight—is rejected. There must be equality in military fighting, so that our doubts are not confirmed that they want to profit from our efforts, Hamas' efforts." He indicated that there was the possibility of continuing present coordination on the political level, since political action was different from military and security action, and because "forming the unified command would threaten our security. It would be easy to strike at us, especially after a security agreement is signed between the PLO and Israel."

In response to the DFLP's charge that Hamas is the faction that is backing away from the alliance, Abu-Muhammad said: "They are the ones who began to back away. When we agreed to form a national, Islamic alliance, they backed away from it, deleting the word 'Islamic.' When they were asked for the reason, they said that this was their right." He added that the second retreat was when they did not commit themselves to the alliance's political program agreed to on 9 October 1993. He said that "so long as they have not committed themselves to everything, it is our right not to be obligated when we believe that our interests would be damaged, because they want to hide behind Hamas. They don't want confrontation. This is another indication of mistrust."

With regard to the charge that Hamas has backed away from holding popular conferences, Abu-Muhammad Mustafa said: "We have not backed away from this, not for a moment. We understand the conferences to be political mobilization and instigation and nothing more. If they want elections, then let the DFLP and the PFLP be wherever possible in Syria and Lebanon."

PFLP Plan of Action

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p 5

[Article by Ibrahim Humaydi: "Command Decision in PFLP; Will Move Home in 1998"]

[Text] One of the questions that received different responses after President Hafiz al-Asad's meeting with Bill Clinton in Geneva last month is the fate of the 10 Palestinian factions that make Damascus their headquarters and the effect of that meeting on those factions' presence in the Syrian capital, especially since they oppose the Gaza-Jericho Agreement between Israel and the PLO. That agreement is supported by the American administration, which has put its weight behind it, considering it a "first step" toward a resolution of the Arab-Israeli conflict.

Since the middle of last month, reports have circulated about the possibility of these organizations moving from Damascus to countries like Sudan or Iraq after the cordon nations are closer to agreement with Israel. Analysts see a connection between Syrian-Israeli progress, and those factions' effectiveness against the agreement and the peace process, in light of President Clinton's announcement that the summit talks had touched on the matter of the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), led by Ahmad Jibril, and the rest of the opposition forces located in Syria, such as the PFLP and the Democratic Front for the Liberation of Palestine (DFLP), led by George Habash and Nayif Hawatimah.

High-level PFLP sources report its firm intention to move gradually from Damascus into the occupied territories, and that it strongly rejects any possibility of moving to any other Arab or regional capital, such as Baghdad or Tehran.

These sources added that leaders in the Front see factors that will require moving the command decision from abroad into the territories. "That is because the Gaza-Jericho Agreement will be applied in the occupied territories and our opposition to it will be there. What is meant by gradual steps is that we need some time to establish this. All the Front's weight and the decision-making center will be in the territories by the Sixth Conference in 1998. However, now, we are still balancing matters between the two areas, so that we can ensure participation abroad with those who are in fact located at home."

These high-placed sources see a connection between implementing the Oslo Agreement and a mechanism for the Front's action at home, which could lead to "radical changes in methods, since we are working in two directions. In any event, the work will remain directed against the Israelis." In the first direction, the Front's mission is to escalate military action and "violence" against the Israeli forces remaining in the occupied territories, because what will happen is re-deployment and not withdrawal from Gaza and Jericho. At the same time, PFLP cadres will oppose the self-governing-administrative authority, "by democratic, non-violent means." They will take part in all self-governing organizations except "the one that will have a political, leadership role, so that we will not be responsible—legally and politically—for implementing the agreement in the eyes of the people." They will pursue all avenues of action, except for "military action."

The sources denied any link between the changes that are ongoing in the Front's mechanism for action and the development of the Arab-Israeli negotiation processes. They said that "the Fifth Conference, which decided the question of shifting the weight to the occupied territories, was held before the appearance of the Palestinian-Israeli agreement, or rather, came in a stage of stumbling in the peace process." They pointed out the lack of any uneasiness among PFLP members located in Damascus after the Geneva summit. "We are allies of Syria, but we do not agree 100 percent on political positions. It will be a long time before we feel direct repercussions from the peace process."

While predictions continue about PFLP offices moving to another place in light of visits made by Front officials to several regional countries, these same sources stress that there is no plan to stay away from the occupied territories geographically. "Our decision is always to move closer to the battlefield and not away from it."

Joint Israeli Projects Rejected

94AA0047C London AL-HAYAH in Arabic 15 Feb 94
p 9

[Article by 'Umar Idris: "Establishing Palestinian-Israeli Projects Impossible; Investment of \$10 Billion in Autonomous Areas Predicted"]

[Text] Hashim al-Natshah, chairman of the Chamber of Commerce and Industry in Hebron and vice-chairman of the Federation of Palestinian Chambers, stated that establishing joint Palestinian-Israeli projects was impossible in the foreseeable future. However, in an interview with AL-HAYAH, he explained that the Palestinian economy is tied in with the Israeli economy, and they cannot be separated at the present time. The hope is that the Palestinian economy will become an independent economy in the future.

Al-Natshah said that Arab economic unity would be encouraged and not Middle Eastern economic unity, because that would include Israel and other countries.

He mentioned that world trade and industrial delegations have visited the West Bank and Gaza Strip to study future investment opportunities in the autonomous areas. "However, we would prefer future investments to be Arab." He added that the initial numbers indicate that the size of investment in the autonomous areas would reach \$10 billion. He explained that this figure is not large, in view of the fact that there is a need for 800,000 housing units in the Gaza Strip and, possibly, the demand in the West Bank may reach more than 100,000. With this amount of work, activity will open up in about 30 professions and will provide jobs for all those out of work.

Regarding the nature of the investment laws that Arab investors will be dealing with and whether they will be Palestinian or Israeli, al-Natshah said: "When autonomy is applied, Israel will have no connection with these investments. Laws will be subject to the Palestinian autonomous government."

As to the role of the anticipated normalization process between the Arab nations and Israel, in places where there are Arab-Israeli investment agreements coinciding with Arab-Palestinian agreements, he said that the Palestinian people are not unanimously agreed regarding the autonomy agreement. "I am one of those who oppose it, but autonomy will be applied because it was imposed by the United States. Ideologically, I would not encourage any form of normalization, because the Jews dream of reaching all Arab countries on the backs of the Palestinian people."

He said that, at the present time, the Palestinian people suffer from economic pressure because the Israeli authorities have imposed a security cordon around the West Bank and Gaza Strip since last March, referring to the fact that before work started on this measure, there were 250,000 Palestinians working in Israel, including 120,000 who used to work legally. He explained that Palestinian citizens from the West Bank and Gaza Strip could only enter Israel with a permit, "but permits have only been granted to 35,000 workers so far. This means that there are about 21,000 workers who are mostly unemployed."

Al-Natshah said that industry in Hebron constitutes about 50 percent of West Bank industry, which includes, for example, the shoe industry. In addition, 90 percent of West Bank production is in building stone, ceramics, glass, and canned food. "We expect to give future incentives for the export of products to Arab nations, since exporting at present is limited to a very few products to Jordan. We used to export to certain Arab Gulf states."

Al-Natshah advised that Israeli officials have rejected a request submitted by a group of businessmen in the West Bank to provide them with a license to open an Islamic Palestinian bank, capitalized at \$10 million. He added: "We hope that the Palestinian government will agree to open this bank, since the Cairo-Amman Bank is now

subject to the Jordanian Central Bank, as well as the Israeli Central Bank. The Bank of Palestine is subject to the Israeli Central Bank."

He pointed out that the Federation of Palestinian Chambers of Commerce is made up of 13 Chambers of Commerce, which meet periodically. He said that the population of Hebron totals 300,000, with some 3,000 merchants participating in the Chamber of Commerce.

Gaza Engineers Union Election

94AA0047D Nicosia FILASTIN AL-THAWRAH
in Arabic 6 Feb 94 p 9

[Text] In results that surprised everyone, Fatah Movement supporters and pro-Islamic supporters split the seats on the Administrative Board of the Association of Palestinian Engineers in the Gaza Strip. The elections were held in the city on 28 January. The Palestinian Engineers' bloc, which is pro-Fatah, and the unified Islamic slate, an alliance of the Hamas Movement and the Islamic Jihad, won the board's eight seats, with two candidates from the two sides being equal in number of votes. Agreement was reached that membership for them would alternate for a one-year period.

In addition, Fatah candidate Engineer Sa'd Kharma won the board's chairmanship, by a margin of seven votes over his rival Hamas candidate.

The Administrative Board is composed of Engineers Sa'd Kharma (chairman), Jamal al-Khadri, Rafiq Makki, Hassam al-'Alul, Nasr al-Mazini, Rafat Rustam, Salah al-Saqqa, Jamal Abu-Kashif, Muhammad al-Wazir (first year), and 'Abd-al-Karim Muhsin (second year).

Voting began in the morning and continued into the evening, until the evening curfew—imposed by the occupation authorities—ended the process. Out of the 939 engineers eligible to vote, 804 participated.

Five electoral blocs competed in these elections, in addition to two independent candidates.

In the elections for the Administrative Board of the Arab Lawyers League in the occupied territories, Fatah and the independent bloc were victorious, since Lawyers Farid al-Jallad, Mahmud al-Mallah, 'Awni al-Barbarawi, 'Ali Ghazlan, Nabil Mashhur, Nasr-al-Din 'Anbatawi, Yasir Jabr, Muhammad Musallam, Bassam Sahaliyah, Bahij al-Tamimi, and Walid al-'Aridah were winners.

Thirty-four candidates competed for 11 board seats. The number of lawyers voting totalled 368 out of 550 eligible to vote.

ALGERIA

Spread of Diphtheria; Vaccine Limited

94WE0198Z Algiers EL WATAN in French 12 Feb 94
p 13

[Article by Said Gada: "Tizi-Ouzou: Diphtheria Panic"—first paragraph is EL WATAN introduction]

[Text] Diphtheria is worse than AIDS. At least in the way it is transmitted (through the air). This important detail had created widespread panic among the people. Among the medical community, though, there is calm although the basic tools for responding do not exist. Thus far quickly eradicating the epidemic remains uncertain.

Ever since this epidemic spread in the wilaya of Tizi-Ouzou, there has been a combat-like commotion among local public-health authorities. Six people have died, a total of 140 people have been hospitalized, and there were as many cases of healthy carriers, it was reported at the University Hospital Center. Besides, the state of alert is always maintained.

However at the "Antidiphtheria Combat Committee," which had been set up as soon as the epidemic appeared, they are clear about it. For them, the situation has just about been brought under control. It should be mentioned that this multidisciplinary group made of up experts continues to meet each Sunday to get updated on the situation.

It has been pointed out that the first case of diphtheria was reported in Ath Zmenzer, a rural community of 11,000 located about 10 km from the town of Tizi-Ouzou. A young ninth grade student died and several people were infected. Not only had the news shaken village residents it had also produced major panic. The rush to get vaccinated was indescribable. The small treatment room could clearly not satisfy everyone. The doctor at the health center, who only works mornings (?), and was overwhelmed, had to push the panic-stricken crowd back.

Because of the confusion between antidiphtheria vaccines and DWTP (diphtheria, whooping cough, tetanus, and poliomyelitis), several people ran to private pharmacies (because public-sector pharmacies did not sell them) to buy some.

Limited Vaccination

After the death of this teenager, only some members of his family were vaccinated, it was said. As to the grade school he attended, it would appear matters were not taken seriously. One teacher recalled: "The day the vaccination team arrived at our school, only the dead boy's class was vaccinated and the teacher who was in class at the exact time they arrived."

Several months later, the wait was still on. Among all of the staff and all the students, the panic was continuous.

Dr. Bourbia, the main leader in the antidiphtheria fight, stated that: "a real panic arose around the vaccination in Tizi-Ouzou. Of course, even if the vaccines are available, you cannot vaccinate an entire population. People need to understand that you can only vaccinate [text illegible], such as the family or classmates where school children are involved."

In fact, these vaccination "criteria" are not followed, as we have just seen. Is this an isolated case? Don't be too sure of it! The people's vaccination coverage is far from satisfying the required standards. This epidemic revealed all.

At Draa Ben Khedda, a medium-sized city, the situation is more dramatic. It is Sunday, 30 January, and the time is 1000. At the city's polyclinic, many people are waiting. Parents are anxious. A middle-aged woman carrying a baby in her arms exclaims: "I have come for my baby's second vaccination and they have just told me there isn't any."

A nurse would add that: "We are out of our supply of DWTP and we have been for 10 days. We are expecting a delivery of vaccine any day now." Given this situation, parents had to buy it for 106 Algerian dinars. For their part, pharmacists pointed out that all the vaccines were gone and that their orders would not be filled until the end of February. In every corner of the wilaya of Tizi-Ouzou, the diphtheria epidemic is still a primary discussion topic.

For their part, public-health officials are reassuring. They say that of the 140 cases of diphtheria, there were few typical cases, and that the number of new cases is clearly declining. According to these same officials, the patients are responding well, "despite the lack of serum and the insufficiency of vaccines." In addition, we would point out that the Nedir Mohamed Hospital made available 30 beds from their infectious diseases unit and 40 beds from their psychiatric unit. So every possible agency was requisitioned and nine patients were transferred to the El-Kettar Hospital in Algiers. Furthermore, it was revealed that the individuals affected are, generally speaking, between the ages of 10 and 15 who were poorly vaccinated or not at all. As to the origin of this epidemic, a source in the medical community stated that the population of the wilaya of Tizi-Ouzou was infected by a citizen of the wilaya of Bouira who was reported to have stayed in the south of Algeria (a region supposedly infected by peoples of the Sahara).

It should be noted that the affected areas are the most remote (Azzefoun, Ain El-Hammam, Draa El-Mizan). In these very remote areas, the people are very far away from health services. One country doctor said that he had not been aware of the existence of diphtheria in his area until after the burial of one patient.

Well, now! Even the medical community is caught unawares. For some, [diphtheria] is basically a childhood disease. Furthermore, it is said that there exists another viral illness (infectious mononucleosis) that has the same symptoms as diphtheria.

Upper respiratory ailments (influenza, colds, angina) make it difficult to diagnose positive diphtheria cases, they go on to say. In the case of Dr. Bourbia, he has to wait until the end of the winter, which would bring its share of upper respiratory illnesses, to isolate the diphtheria cases and hope to eradicate it once and for all. But, when you are dealing with an epidemic, no one can predict how it will develop. Several questions remain.

How did we get to this point? Was vaccination coverage correct? At school, is the vaccination certificate systematically required? Have the public-health officials assumed their responsibilities to force parents to vaccinate their children who were born at home?

Diphtheria is a contagious, deadly illness. You can be a healthy carrier and transmit the disease to anybody who is unvaccinated. In other words, the lives of many of us are in danger.

EGYPT

All-Out Effort to Revive Tourism Launched

94LD0008A Cairo AL-AHRAM AL-DUWALI in Arabic
21 Feb 94 p 3

[Unattributed article: "We Want to Spend \$42 Million in Order to Earn \$800 Million"]

[Text] Tourism is of the utmost importance, because it is one of the most important invisible exports that can constitute a locomotive for economic progress in Egypt, in view of the fact that it is connected to all the other aspects of [Egypt's] economic activity and contributes, both directly and indirectly, to the anticipated volume of business.

At the present time, Egyptian tourism faces a crisis that basically consists of a decrease in demand for Egypt's tourism product and thus a decrease in the income earned by tourism. This is a result of the negative image that has been exaggerated by some of the Western media concerning terrorist incidents. The Ministry of Tourism has prepared a plan to stimulate tourism in order to manage and deal with the crisis. Dr. Mamduh al-Biltaji, minister of tourism, feels that the element of time is of extreme importance in the establishment of this plan and obtaining the budget required, in view of what is demanded in terms of the necessity of having the ministry comply with the proper deadlines in a professional manner so that the plan for vigorous promotion of tourism can begin right now, as the time draws near for tour organizers and international tourism companies to prepare their programs for the marketing of tourism for the world's various competing destinations.

The minister also feels that the matter requires the expenditure of the necessary effort and money, in accordance with international standards, in order to stimulate

tourism. He says that the decrease in income from the fund of tourism and the capacities of the private tourism sector, under current circumstances, are making it necessary for the public treasury to participate in the budget for promoting tourism and that this participation will be decisive with regard to the possibility of managing and dealing with the crisis. He further states that when the expected volume of business occurs, after the campaign to promote tourism, then this participation will, of course, decline.

Joint Effort

Representatives from government agencies, as well as from the public and private business sector, participated in preparing the plan to promote tourism, and the plan will be carried out by means of a joint effort undertaken by both government and nongovernment parties.

The government parties from the Ministry of Tourism are the Egyptian [General] Authority for the Promotion of Tourism, the principal party in charge of carrying out [such plans] by means of its foreign tourism offices actually located in the important markets; and the Conferences and Exhibits Authority, which is in charge of the work concerning conferences and exhibits and promoting them. There is also the Ministry of Culture, which participates by providing archaeological models to tour groups, as well as certain facilities at tourist sites (the Antiquities Authority), as well as the other artistic and cultural agencies of the ministry. Then there is EgyptAir, which participates by providing both free tickets and tickets at reduced prices, and takes part in promotional programs in general. And finally there is the Exhibits Authority in the Ministry of Economy, which helps exhibits with their marketing and arrangements, if they require it.

The nongovernment parties provide facilities and services in their areas of competence, and they also partially finance the plan and are in charge of producing some of the promotional tools. These parties are the Egyptian Federation of Tourism Organizations, the Egyptian-American Chamber of Commerce (and similar organizations), and representatives of the hotel establishments and large tourist villages.

A permanent committee will be formed to represent the government apparatus, as well as the public and private business sectors, and this committee will follow up on the implementation of the plan and evaluate its results. The committee, under the chairmanship of the minister of tourism, will hold meetings once every three months in order to evaluate performance, overcome any obstacles that might occur, and suggest changes necessary in light of the results of practical application.

The plan is very much concerned with investing in the tools for promoting tourism in six principal world markets that export tourism to Egypt, and they were selected in accordance with objective and scientific criteria. These markets are the United States, Britain, Germany, Italy, France, and Japan. These are the markets that

export the most tourism to Egypt, and they are also the markets that were most affected by a negative mental image of the terrorist events. These six principal markets were chosen as the target of an intensive effort to promote tourism in accordance with criteria and data dealing with numbers and types of tourists, average lengths of stay and expenditures per tourist, and the degree to which each market would respond to the campaign to promote tourism that will be undertaken.

The Arab Market

At the same time, though, the plan does not neglect other markets that might represent less volume and be of less importance. There will be a continuation and increase in efforts made and usual promotional tools utilized in these markets. The promotional activities, within the framework of the plan, will extend to a number of new markets such as South Africa, East Asia, Russia, and East Europe. These markets are promising and, at the same time, were not influenced to the same degree by the negative image portrayed by some of the Western media concerning the situation in Egypt.

In view of the fact that the Arab market is of a special nature and is one of the important markets that exports tourism to Egypt, the plan has borne in mind the necessity of intensifying efforts to promote tourism by creating the appropriate tools—such as tour groups; hospitality programs; intensified contacts with official and professional organizations; more reliance on the role of the Egyptian press, radio, and satellite channel; and, at the same time, less use of the more expensive promotional tools (such as newspaper and television advertisements) that are not appropriate for this market. In this regard, for example, it has been decided to close the Egyptian Tourism Office in Kuwait, within the framework of the effort to geographically restructure the tourism offices and streamline expenses.

The plan's overall budget until the end of the current year is \$36.199 million for the promotion of foreign tourism and 20 million Egyptian pounds for the necessities for the production of printed materials, films, and hospitality programs that take place in Egypt (that is, a budget totalling about \$42 million). The budget required for carrying out this plan until the end of next June is estimated at \$25 million, since the expenditure during the first half of the year will increase as a result of production expenses.

Dr. al-Biltaji says that the Ministry of Tourism will require two-thirds of the plan's financing requirements during the second half of this year in the 1994/95 fiscal year budget.

Implementation Actually Begun

The minister adds: "Since the plan includes 1994 as a whole, we actually began implementing some of its programs as of last January. They include the hospitality programs for representatives of the specialized tourism informational media and some of the representatives of

the popular world media, actual participation in the most important international tourism exhibits and markets, financing some newspaper and television advertisements, and following up on the normal promotional activities in our foreign tourism offices."

Dr. al-Biltaji points out that implementing the plan in a comprehensive, intensive, and productive manner until the end of the year, and then in subsequent years, is something that is dependent on the necessary awareness of the great economic importance of tourism and the strength of its links to all types of economic development and activity in [Egyptian] society. He also states that this can only be carried out by providing the necessary resources for promoting tourism.

The minister goes on to say: "If, at this critical stage, it is necessary for the public treasury to shoulder a considerable portion of the promotional burdens, it is also true that the anticipated tourism business—in fact, it is certain, according to the criteria and rates of international expenditures—will bring an increase in tax revenues and will also result in more business for society as a whole. It will also contribute toward solving the unemployment problem, especially among educated young people and university graduates. Furthermore, it will also lead to prosperity of the private tourism sector and consequently to an increase in the volume and proportion of its contribution toward paying the costs of this promotional activity in the future, and thereby will result in a corresponding decrease in the volume and proportion of the contribution made by the public treasury.

Main Goal of the Plan

The main goal of the promotional plan has been determined. It is to provide incentives for increasing the demand for Egypt's tourism product and to increase the rate of tourism so that it approaches that of the year 1992. Achievement of this [overall] goal involves several other subgoals, which are the following:

1. Raising the level of the promotional tools utilized at the present time and the creation of some additional tools.
2. The creation of a sophisticated library of audio-visual materials to serve the purposes of promotion in the future.
3. Establishing the framework for coordinated activity abroad, which will combine the efforts of the government and private sectors in order to serve the cause of Egyptian tourism.
4. The creation of an agenda for Egyptian archaeological, cultural, musical, and athletic events, which could be utilized to attract tourists.
5. Opening up new horizons for Egyptian tourism in alternative markets in which promotional efforts have not been previously pursued in intensive fashion.

6. Highlighting the numerous attractive elements that Egypt possesses, such as the new tourist areas, an environment free of pollution, the hospitality of the Egyptian people and their friendliness toward foreigners, and the fact that Egypt has the lowest crime rate in the world.

7. Providing better opportunities to present Egyptian tourism development plans and plans for investing in new tourism areas to serious foreign investors in order to encourage them to invest their capital in these plans, so that new absorption capacities can be added to the presently available capacity.

Correcting Egypt's Image

The efforts of the activity in the targeted markets are being focused on correcting Egypt's national image and putting the terrorist incidents into their proper perspective, in cooperation with the other agencies of the state, which are working toward this goal—particularly Egypt's media and diplomatic missions abroad. The Ministry of Tourism is accomplishing this by means of an intensive advertising campaign dealing with the areas and features that attract tourists to our country.

The goal is accomplished more effectively if one approaches the consumers directly. Statistical studies have shown that the largest proportion of tourists who come to Egypt come as individuals rather than in tour groups. This, of course, means that one must utilize widespread popular international media such as television, news agencies, and the principal specialized and nonspecialized press.

Although this approach is costly, the returns it yields are double the cost. Therefore, contacts must be strengthened with traditional distributional channels such as tour organizers, travel and tourist agencies, companies that furnish incentives for tourism, conference organizers, associations, and airline companies. Also, the level of the sales promotional materials must be raised in terms of their language and production so that they attain an internationally respectable level.

The efforts of the activity are also being focused on the implementation of a program for marketing Egypt's tourism product, as well as on development and investment on sound bases—a program in which one makes use of specialized national and foreign expertise in this field and utilizes a group tour approach having a variety of components and in which active participation in important international tourism conferences and exhibitions is involved. The activity also involves the establishment of a well-thought-out program for sending out invitations to tourist and media personalities to visit Egypt so that they see for themselves that the situation is stable in Egypt and become personally acquainted with the Egypt's historical, natural, human, and cultural features that attract tourists. Also, an organized mechanism needs to be established to periodically follow up on the phases of the plan, evaluate its results one by one, and introduce necessary modifications in light of this.

Eight Main Tools

The program for implementing the tourism promotional plan depends on eight main tools:

1. Printed materials: Available printed materials will continue to be used, but new materials will be added that, in terms of artistic and printing production, will be on a competitive international level.
2. Films: Five advertising films in different languages dealing with both traditional and new tourist attractions are being produced. They will be shown over the international BBC network, and then over national networks. This will take place in each of the six "main tourist markets" over a 16-week period that has been determined by marketing experts who know the best timing. The periods chosen are April-May and September-October, with the films being shown five days per week. Also, two documentary films are being produced. The first of them concerns the present absorption capacity of Egypt's hotels, the tourist villages, the infrastructure, both the traditional and new tourist attractions, new areas of tourism development and plans for investing in them. The second film concerns the most important events on the tourism agenda and shows some of the various activities connected with these events, as well as the historical and natural panoramic background associated with them. Arrangements are being made to have these films utilized by the national television networks in each of the targeted markets and to have them shown during professional conferences, exhibitions, and festivals held abroad.
3. Press: Paid advertisements and special supplements are being published in the most important newspapers and magazines in each of the targeted countries.
4. Exhibitions and conferences: An inventory is being made of the important regional and international conferences and exhibitions of a tourist nature, and the necessary arrangements are being made to actively participate in them. In addition to this, an inventory is being made of the exhibitions and conferences that could possibly be held in Egypt, and the necessary advertisement plans are being made to increase tourism revenue in connection with them.
5. Tourism agenda: The objective of this is to make a list of and confirm a group of various cultural, musical, and religious events that are held at certain times and places and geographically distributed throughout Egypt's tourist provinces, and to include these events in the foreign promotional programs in order to acquaint people with them and turn them into an additional tourist attraction.
6. Foreign visits and hospitality programs: These are considered to be among the most important means of promoting tourism because they focus on the idea of direct personal contacts and becoming acquainted with Egypt's tourist possibilities on the spot. Work is continuing on the policy of having those persons responsible

for tourism in Egypt make visits to each of the main targeted markets, and others participating in the visits would include people from the public and private business sectors. Furthermore, invitations to visit Egypt are continuing to be sent out to a select group of prominent writers and businessmen in each of the targeted markets, and invitations are also being sent to some influential international personalities such as the heads of international tourist organizations or prominent artists to attend Egyptian events.

7. Organized tour groups: These constitute a direct field activity directed to the consumers. Revenue from them can be increased by means of appropriate media coverage. Most of the [efforts involving] the organized tour groups are being directed to the new markets and the Arab market.

8. Contests: These are considered to be an effective means of stimulating popular interest in Egypt and increasing knowledge about it. Foreign tourism offices are in charge of arranging these contests, together with establishments concerned in the countries where the offices are located, whether they be schools, universities, clubs, or other groups. The contests can take on the form of questions that must be answered, or they can be part of an already existing popular contest program in the country concerned. In this case, a free visit to Egypt would be the winner's prize, and the plan would set aside 180 prizes for 90 winners and 90 accompanying persons in the six markets, with each market having 30 prizes. The contests would be carried out in cooperation with international airline companies, EgyptAir, and the group of hotels that operate in Egypt.

Choice Between Two Alternatives

In conclusion, Dr. al-Biltaji, the minister of tourism, said: "This promotional plan has the objective of having Egypt attain, by the end of the present year, the level of income earned during the peak year of 1992, that is, \$2.1 billion as opposed to the \$1.3 billion earned in 1993. This is something that is quite possible if we undertake the necessary effort and make the expenditures necessary for comprehensive marketing. In other words, we want to spend \$42 million in order to earn \$800 million." He went on to say: "This plan seems ambitious or out of the ordinary. But this is not the case because, in fact, we are being confronted with two alternatives. The first choice is that we could reduce expenditures in order to deal with a whole list of actual priorities and requirements that, in some case, are urgent. The second choice aims at the future, would break through the blockade of our current problems, adopt the mechanisms of modern marketing, deal with the competition, be in line with the international rates of expenditures necessary for the promotion of tourism, direct the most competitive capability in the Egyptian economy toward export, and thus be committed to marketing requirements. This latter alternative is the choice that I believe we all need to come to the defense of."

ISRAEL

Implications of Israeli Arab Rioting

94AA0053F Tel Aviv HATZOFE in Hebrew
28 Feb 94 p 2

[Article by Hayim Fiqarsh]

[Text] The violent riots that broke out among Israeli Arabs in the wake of the shocking massacre at the Cave of the Patriarchs in Hebron have revealed the true face of Israel's Arabs. When they took to the streets, they did so not merely to express the aching grief they felt from the murder of their brothers but also to throw stones, assault Jews, and inflict heavy losses—by setting fire to houses, parking lots, and cars. Some acted with loud calls for "Death to the Jews," which, for some odd reason, were "overlooked" by Israel's state-run media.

Security forces, including police and border patrol troops, spent long hours battling mobs of rioting Arabs even as Israeli leftists attempted to rationalize them as "a display of emotions" while openly stating their approval of what happened. The Arabs of Israel, residents of the state of Israel, have never expressed anger at or disapproval of the murder of Jews. That may be their right. But they were obliged to restrain themselves this time and not riot so wildly that it is almost impossible to remember anything like it since the founding of the state. That applies especially to the Arabs of Jaffe, who led the disturbances, spurned calls from the police commanders and the mayor, Roni Milo, and ran amok; they even threw tear-gas canisters at police officers, not to mention rocks and other dangerous objects. These are the same Arabs to whom the Jewish community in Philadelphia, USA, has donated large sums for the restoration of their youth clubs and renovation of their homes as part of Project "Neighborhood Renewal." Their brothers in Arab nations did not do that.

Like them, the Arabs of Nazareth and Ramalla, Tira and Taibe, like the entire Arab area of the Galilee, in the Triangle and in Wadi 'Ara, many would have rejoiced at killing Jews if they had not been contained by the Israeli Police, whose members, as in Jaffe, for example, did not always display the necessary degree of force.

It has always been necessary to deal with the Arabs of Israel with a policy of "respect but beware them." Some have argued that they constitute Israel's "soft underbelly." Others complain about the presence of a "fifth column" among a portion of Israel's Arabs. The recent riots have strengthened that suspicion to some extent. Indeed, people have long suspected stores of arms and secret "firing practices" usually conducted at night, in dry river beds and hidden caves, as preparation for the "appointed day."

Are we gathering information about these secret organizations? Has anyone, for example, looked into the complaints made by residents of "Mi 'Ami," a settlement in Wadi 'Ara, about bullets whizzing past their homes and

shots fired at night, frequently outside the nearby town of Um al-Fahm? Are we waiting for the day when these Arabs will go out not only to exhibit their rage but also to attack Jews out of obviously nationalist motivations? And how, as a general matter, would the Arab-Israeli street view a future possible war?

Such a tragic event as occurred in the Cave of the Patriarchs was exploited by the Arabs of Israel in an extreme, dangerous, and outrageous way. That now requires a thorough and fundamental examination of how to treat the Arabs of Israel.

Spread of 'Goldstein Virus' Among Israelis

94AA0053E Tel Aviv 'AL HAMISHMAR in Hebrew
4 Mar 94 p 8

[Article by Gadi Yatziv]

[Text] Even after a week's time, we still cannot fully take in and comprehend the significance of the massacre in the Cave of the Patriarchs in all its evil and wickedness. That is how it always is with events so loathsome that people simply cannot absorb them. If we were to make a concerted effort to grasp this outrage in its true dimensions, we might well fall prey to the blackest bitterness for days on end.

To gain some appreciation of this atrocity, which cannot be comprehended in full, let us suppose that such a thing had happened to Jews. I am attempting here to conjure up from our historical memory some anti-Semite driven by ideological hatred who breaks into a synagogue and indiscriminately shoots hundreds of Jewish worshippers at prayer on Yom Kippur, killing them for no reason other than that they are Jews. I recall a great many instances when Jews, by the hundreds and thousands, have been killed while praying, but not a single time when Jews killed others as they prayed. This demented murderer deliberately chose the hour of prayer as the hour of his murder. As a religious man, he completely understood what it means for a man to commune with his God, and precisely at that moment of the soul's purification, decided to unleash his welling hatred, that deadly hatred of his that had been burning within him all his life.

Now we are trying to assess the effect of this murder on the peace process, which is the most pressing and fateful issue in the short term. Even so, beyond the consequences for the peace process, which shall be of short duration one way or another, we will be compelled to deal with the effect of this murder on our collective psyche, and in that respect the effect will be felt for a long, long time, even for generations. This is a subject that will be with us from now on because the murderer gave vent to dreadful impulses that continue to spread within a large part of our public. And this is a public much larger than we are ready to admit.

Let us not delude ourselves. Goldstein is not an anathema as he ought to be for the entire nation of Israel.

He is a hero for many, and not just in the Jewish community of Hebron. Many others are prepared to understand his motivations, rather than be shaken by what he did, and to find a thousand excuses for redeeming this maggot.

We often speak of "the corrupting occupation," but we really do not mean a serious deterioration in norms or a steep decline in morality, but only petty backsliding bordering on breaking the rules of orderly administration.

Accordingly, we must finally realize the tragic truth, that a large part of our citizenry has already been corrupted by the occupation to the depth of their souls. Anyone who does not believe that should ask the teachers who have discussed this issue with their students in Tel Aviv, Hertziliya, Haifa, Be'er Sheva, Jerusalem, and everywhere else in the country.

The Goldstein virus has succeeded in infecting the bloodstream of too many Israelis for us to continue to feel at ease with the current state of affairs. Carriers of the virus do not exhibit any special outward signs as they meet us in daily life, but on the appointed day, a day of peace or of war, they are liable to inflict further calamities on us; and the disgrace will be ours then, too.

New, Post-Hebron, Political Culture Urged

94AA0053C Tel Aviv HA'ARETZ in Hebrew
4 Mar 94 p B3

[Article by Gabi Shefer]

[Text] During Israel's first three decades, national leaders molded our political culture and forced it on society. In the past decade, the politicians, and all of society as well, have been stuck in the quagmire of the "old politics" created back then. Too many times, what occurs in this arena resembles what we mockingly call (not always justifiably) the legacy of the shtetl, the traditional Jewish village, or events in developing countries racked by the forces of fundamentalism.

On the other hand, large segments of Israeli society are open to new ideas and points of view. Above all else, they are ahead of the politicians, laying the foundation for a new political culture. It is this development, and not switching Labor and Likud governments, that marks the political revolution now taking place in Israel. This revolution will affect the future of Israeli society and politics more than will replacing prime ministers, particularly given the obstacles that fundamentalist groups are raising before us on the path to peace with the Palestinians and the Arab states.

David Ben-Gurion and the MAPAI [Israel Workers Party] leadership, Menachem Begin and the "fighting family," and all the religious and ultraorthodox politicians, too, internalized the political ideas and outlooks of most Israelis. These leaders fixed the boundaries of what was permissible and what was not in society, politics, defense, foreign, and economic policy. They formulated

the ideologies and political platforms on which Israelis grew up and joined the main political blocs.

Our passive social habits enabled Israel's founding fathers to create three traditional blocs that divided up Israeli society and politics, make the political arrangements and rules on which these blocs operated and institutionalize the relations among them. The heirs of the founding fathers have preserved these arrangements. Many have labored to assure their legitimacy by establishing powerful economic and political mechanisms, which supported the state's educational and communications systems. To preserve "the national agreement in light of the danger facing Israel," most Israelis have accepted the arrangements that the politicians have managed and preserved as something beyond question.

Ben-Gurion imposed on society the concepts of "statehood" and "state activism"; Menachem Begin strengthened Israel's national foundations, our alienation from non-Jews and the legitimacy of Israeli colonization of the territories; and religious and ultraorthodox leaders have fortified the hold that religion keeps on a number of important spheres of life here, preparing the ground for marginal and demented groups such as "Kach" to take root.

Mobilization of society was accomplished for goals that the leaders set and the concessions required of Israelis in matters of personal freedom and political rights. This mobilization was achieved by developing dependence on the state, by political and economic bribes, by "party discipline" and by enforcing "movement and national law." From that to the formation of a civic political culture was a short step.

The civic, political customs, and background of most residents of Israel, the continuing political isolation and the shaky economic situation have bolstered another foundation that has ensured the ability of leaders to continue to shape Israelis' outlook and behavior: most of them have been busy trying to make sure that they, their families, and their community get by. The result has been a narrowing of horizons and preparation of the ground for extreme religious and national ideas.

The connection between the mobilization and discipline necessary to ensure achievements in the "struggle for existence," and the shrinking of horizons that to a large degree was forced on Israelis, have brought about a political passivity and a willingness to obey the dictates of any religious or secular rabbi. Most Israelis have been content to go to the ballot box every four years and cast their votes for leaders who will guide the state down a safe and productive path. Most Israelis have supported the leaders and their ability to lead society almost exactly as they wish. They have left it to the leaders to determine nearly every policy they saw fit, to direct the public wealth as though it were their own, to launch wars of choice, to strip the Arabs of Israel of their property, to allow the colonization of the territories, to permit radical

groups to thrive there, and to engage in wasteful and conflicting economic actions.

The revolution in Israeli society began, we know, after the Yom Kippur war. That war caused many Israelis to reconsider: they began putting question marks over many accepted political practices, questioning what politicians said and did and taking answers with a grain of salt. But the important revolution began only at the start of the current decade. Reactions to the events of "Black Purim" illustrate this revolution. On the one hand, it is creating a new and significant polarization in Israeli society itself; on the other, it is creating a gap between enlightened groups in society and the politicians. This gap and the polarization are unrelated to relations between Ashkenazis [European Jews] and eastern Jews or between religious and secular, or to the Arab-Israeli dispute. It has been awakened between those breaking free of the dark and horizon-narrowing civic, national, religious culture that characterized Israeli society in the past—and those devoted to that culture.

Many indications of progressive viewpoints demonstrate that the number of those ready to ask tough questions of themselves, others around them and the politicians, and not be satisfied with the clichéd answers they get, is growing. Here are some notable examples of the new positions taken by the Israeli public—they indicate the directions that the changes in Israeli political culture will take, and that most politicians of the old school are finding hard to digest:

The reluctance to give carte blanche to a single political party; a readiness shown by many voters to change horses during the national elections; opposition to allocating unjustified resources, such as "special funds"; extensive support for privatization of the economy; insistence on a reduction in government involvement in economics and society; faith in the judicial system and especially in the Supreme Court; demanding assistance for weaker groups and readiness to recognize the right to strike and protest in order to obtain that assistance; an inclination to organize interest groups to protect the rights of various social groups and to advance their interests; demands of women for equality and full rights; the readiness of minority groups, such as battered women, homosexuals, progressive religious groups and activists among the Arabs of Israel, to organize and aggressively demand their rights; the final death of the myth that the IDF [Israel Defense Forces] and the security services are all-powerful and that their commanders never make mistakes; harsh criticism of public officials and state employees who have betrayed their trust; much closer attention to issues of quality of life; and much greater recognition of the legitimacy of pluralism in modern Israeli society. These trends can be seen not only among well-off and highly educated "northern" Ashkenazis; they can also be seen among eastern Jews, new immigrants, some groups of religious Jews, and the ethnic groups in Israel.

As the events in Hebron have shown, alongside the growing tendencies to adopt the classic characteristics of liberal democracy and lay the foundation stones for "civic society," we must realize that we still harbor large groups loyal to the old ways of Israeli politics. There are still groups, among both Ashkenazis and non-Ashkenazis, religious and secular, Jews and Israeli Arabs, who prostrate themselves before the powers that be. In their eyes, the IDF and the security services are sacred cows. They loathe any group that differs from them, examine every incident from a narrow national and local point of view, prefer to maintain the status quo and oppose any liberal reform. These groups receive encouragement from the positions held by most politicians.

The political elite of Israel's right, left and religious, ultraorthodox camp behave very conservatively, all the more so in comparison to more progressive groups in Israeli society. This can also be seen among the leaders of the Labor Party; true, they have decided, halfheartedly, to advance the peace process, a decision essential for creation of an infrastructure for change in Israeli society and politics—yet they, and, a fortiori, the leaders of the Likud and religious and haredi Judaism, still cling to the old political ways in all other spheres. Most high-ranking politicians are driven by concepts of nationalism and force, and have only contempt for anyone who does not think and act as they do. Most of them ignore moral considerations when making decisions, and that includes relations and negotiations with the Arabs. They still resist the final efforts to create a written constitution. They are not promoting final enactment of basic laws that will guarantee individual rights. They oppose separation of religion and state. They are conducting privatization as though it has been forced down their throats. They scorn the judicial system, particularly the Supreme Court's justified intervention in matters that the government has neglected. They are not impressed by the criticism heard in Israeli society and attempt to influence the state-run media. Issues of quality of life and the environment stand very low on their list of priorities. They withhold resources from institutions of higher learning and hold academia in contempt. They do not undertake initiatives and avoid serious dialogue with intellectuals and the Israeli intelligentsia. They do not understand the pressing need for reforms in public administration. Despite revelations about acts of corruption, they either still do not realize that new winds are blowing around the world and in Israeli society or are willfully closing their eyes to it.

Relations among the highest political echelons also reveal the hoary diaspora culture that prevails at that level: the narrowmindedness and obstruction of adversaries and their supporters, open and unrestrained personal rivalries, self-indulgence, persistent courting of the media, tireless readiness to engage in shady deals and a willingness to cover up blunders and transgressions on the basis of personal friendship and short-term political coalitions—these are only some further signs of a power-based, political culture that does not encourage change.

Such political conservatism is not the monopoly of veteran politicians. Political conservatism also characterizes our younger politicians. A young politician who calls for the elimination of institutions that seem archaic to him and, in the same breath, opposes the possibility that elected political bodies will violate decisions made by the government—he is to be considered a conservative. Most of the young politicians, even if they often look and sound like yuppies, act according to the ways of the “old politics.”

By itself, peace with the Arabs will not work a change in Israeli politics. The processes of genuine liberalization will occur only when pushed by additional impulses emanating from society rather than a leadership bound to a time-worn ethos. Thus, only when the gap between groups influenced by liberal democratic ideals and Israeli politicians widens will the chance for change in Israeli political culture grow. Only then will we see the death of the dinosaurs who refuse to allow Israeli society and politics to prepare for the 21st century. But the old-time politicians and the new alike will not surrender their positions, their posts and the benefits that those stations provide. Therefore, more progressive groups must struggle with firm resolve for a new civilian leadership within Israel’s “new politics”, one that also will be able to deal with the extremist movements that gave birth to the murderer from Hebron.

Scenario of Territories After IDF Withdrawal

94AA0053D Tel Aviv 'AL HAMISHMAR in Hebrew
4 Mar 94 p 12

[Article by Elishev'a Aylon]

[Text] The writer, A. B. Yehoshu'a, stirred up quite a public outcry some months ago when he asserted that any of the settlers who want to stay in the territories under the Palestinian governing authority have to make that possible.

Now, when it is obvious that the hard core of the settlers will steadfastly refuse to vacate their homes, and certainly will refuse to accept the new laws to be applied by the Palestinians, the question arises whether, and to what extent, the government must take responsibility for those who will not obey the law.

“What this means,” says Yehoshu'a, “is that two possibilities exist under a permanent agreement with the Palestinians. Either the settlers will prefer to receive compensation, leave their homes and come back inside the Green Line, or they will acquiesce to Palestinian jurisdiction and a Palestinian ID card.”

It is difficult to believe that the fanatic hard core will submit to Palestinian jurisdiction. After all, they do not even accept the laws of Israel.

“They still recognize the state of Israel. We are talking about a Jewish minority facing a million Arabs after the

agreement. None of them is so stupid that he won't accept Palestinian control when the IDF [Israel Defense Forces] is gone.”

[Aylon] If they do not accept one of the two possibilities, will Israel still have to risk the lives of IDF soldiers to protect them?

[Yehoshu'a] The IDF is leaving. It won't be there to protect anyone. There will be Palestinian policemen. They will deprive the settlers of their weapons, although only pursuant to the Oslo agreement, of course. So, the settlers will have only one of two options. There is no third alternative. The handful who will cause problems will have to be removed. It will be one man, maybe two. This is not going to become the Wild West. Just as there will be running water and electrical service, so there will be proper laws. And what can they do? If they do something, the Palestinian police will deal with them just the way the Palestinians will deal with any Jewish civilian who sneaks into territory under their authority.

[Aylon] Do you think that the massacre that Goldstein perpetrated in the Cave of the Patriarchs will speed up the peace process?

[Yehoshu'a] I hope it will.

Recent events have far outpaced the government's rate of thinking and analysis. Nonetheless, Rabin, on the basis of what he has said, is confident that he is in control of things, that the negotiations are proceeding exactly in accordance with the a priori concept under which he entered negotiations with the Palestinians. He even promised during the election campaign to make peace within nine months. He just did not say what he meant by peace. But nine new moons are already behind us, the gestation period for delivery is receding into a vague horizon, and there still is no baby to kiss. Some will say that it is too early and that we need to let more time pass. Somehow, the politicians always say that it is too early to tell, too early to act. The only question is, when will real peace stop being too early? Perhaps when it is too late.

Goldstein's wife, Miriam, told the press yesterday that her husband was not insane, he just wanted to halt the peace process. A single sentence loaded with so many signs of the new historical situation that is unfolding before our eyes. This is not something that began today or the day before. Nor last Friday, with Goldstein's death toll. It might have begun during the first days of the intifadah when, just as occurred elsewhere, a local seed of rebellion was planted. We are talking about global processes playing out in our own arena; you can feel them in such a tangible way that only obtuse fanatics cannot see what is happening to them right under their noses.

Isn't it clear that the dominating idea of the next millennium will be the liberation of man and respect for him for what he is? If, until 50 years ago, no conquering state would ever have considered returning the land it had occupied, it will be almost unthinkable in the 21st

century that occupied lands can remain in the hands of the conqueror. That happened in the Soviet Union, it happened in Europe, it is happening now in Bosnia, and it is happening here, in Israel. Here, however, it sometimes seems that the Middle Ages have not yet ended and that the Crusades are still in fashion. That, more or less, is what Goldstein did. And now he is in the earth, sanctified.

He was not crazy, says his wife without realizing that she is insulting the insane. Statistically, every director of a hospital psychiatric ward will tell you, the mentally ill usually are not violent, and if they hurt someone, it usually is themselves. Barukh Goldstein was a normal man. Apparently, he planned his killing operation over the course of many months. He went about it as though it were a proper military mission. No one would have accepted the excuse of temporary insanity if he had been tried for his crime.

Given that, Goldstein may have been an extremist although absolutely normal, and none of us can hide behind the supposition that he was deranged. Nor can anyone absolve us of the collective feelings of guilt submerged under the club of occupation for the last 27 years. Nevertheless, Goldstein will be unable, although that was his declared intention, to stop the peace process. For the peace process, even in the local sense, is not a process of coexistence and brotherhood but a process of self- and national-liberation, and no power on earth can stop it.

If Rabin is still angry at [Nisim] Zvili for saying that a Palestinian state definitely will arise, it is only political-strategic anger, feigned merely so that the other side in the negotiations will not think that it already has all its freedom in its pocket. It also implies that we, not they, are the ones who will decide when, where and how freedom will be granted.

So, if Goldstein is not plain nuts, nor someone who will succeed in stopping the peace process, he at most is one of the settler/terrorists, as the radical settlers are prepared to be. The act he did has caused a wave of identification among the extremists, some of whom had decided even before last Friday that the laws of the state are a Zionist farce not to be taken seriously. And so, while the government ponders who, if anyone, is to be prohibited arms, they are interviewed on television, announcing that they have no intention of giving anyone their weapons no matter what the government decides. Another wave, no less extreme, has already declared that it is joining the hard core of those who do not recognize the existence of the state of Israel. It is this group of radicals, those who have decided to embark on a suicidal crusade but not before taking others with them, that Goldstein has represented since last Friday.

Now the question arises, what will the government do when the time comes—and that will be much sooner than people think—and a comprehensive settlement between Israel and the Palestinians is enforced to the hilt against the settlers, too?

Analysis of Yesha' Campaign, Settlement 'Mistake'

94AA0048B Tel Aviv 'AL-HAMISHMAR in Hebrew
25 Feb 94 p 13

[Article by Yehuda Litani: "Wrong, Yesha' Is Not Here"]

[Text] This week, the Council of the Jewish Settlements in Judea, Samaria, and the Gaza region sent me a letter containing a small colored pamphlet with the title, "A daily shekel for the sake of the settlements." Attached to the pamphlet was another page with a standing order to the bank, on the other side of which was written: "Contribute by a standing order a daily shekel to the settlements, and the medallion will be sent to you. A daily shekel: a bronze medallion, 2 shekels a day; a silver-plated medallion, 5 shekels a day; a numbered silver-plated medallion, by an annual standing order or by credit card."

All this appears in the framework of a campaign by that council that is called "Yesha' Is Here," a campaign during which young settlers are covering most of the road signs in the country with the same caption, in an attempt to persuade the satiated Israelis that Yesha' will pursue them everywhere, even in their quiet neighborhoods in the coastal plain, because there is no difference, in their opinion, between Nablus and Tel Aviv. Not a little has already been written about the change of terminology from "settlement" [a hereditary portion] and "settlement" [a place to live] by the settlers in the territories. When their campaigns of pushing into centers of Arab population in the West Bank began, it seemed to them that they were continuing on the path of Joshua Bin-Nun, the great settler [on a hereditary portion] (and, by the way, that is also the biblical figure most admired by the former prime minister, Yitzhaq Shamir—not King David, not Jeremiah and Isaiah, not Moses our Teacher, but precisely the one-dimensional, combative, and strong-man figure, a grey and boring man like Shamir himself). Therefore, they chose with great pride the words "settlement" [on a hereditary portion]. After they learned that the word itself was in the eyes of many Israelis a synonym for a messianic minority group that seeks quarrel and strife, whose entire goal is daily friction with the Palestinians, they changed the concept to "settlement" and to "settler," to say: we are the torchbearers and following in the steps of the first, second, and third aliyahs, we are the true descendants of the pioneers and founders of this country.

This Is the Time To Settle

On the second page of the small, colorful pamphlet of the 'Aly settlement located between Ramallah and Nabulus, in the heart of the territories of the autonomy that is

intended for the Palestinians, is written, "Now is the time to settle in the heart of..." states the upper caption, and farther below is stated: "I went up and I fell in love...how could it not be?" And in smaller letters: "You have a wonderful dream. You want quality of life, good company, a single home, a well-tended garden, a breathtaking view. You want the best for the family. You want to participate and be a partner in the upbuilding of the land. Call us. We also want to do that. 'Aly's absorption team will be glad to host you. You will suddenly discover that you, too—in an accelerated process and on excellent purchase terms—can realize your dream. 'Aly—a settlement in the heart of the country and in the heart of the people. A 40-45 minute drive from Jerusalem and Gush Dan. A heterogeneous settlement, absorbing families and young couples. Employment opportunities and studies at a reasonable distance. Good air and wonderful scenery from every window. Houses at surprising prices! Possibilities for purchase and rental."

Everything is asked here, except for some most important matters: Do you want to endanger the members of your family? Your small children are endangered every day by an ambush at night and stone throwing by day. Have you lost your mind, precisely now, to move to this dangerous place, precisely in the middle of the negotiations with the Palestinians? Did you know that 'Aly is located in the heart of the Palestinian autonomy?

It is difficult not to be impressed, for example, by the sentences: "A breathtaking view...good air and a wonderful view from every window." And what is the landscape seen from every window in 'Aly? A landscape of Palestinian villages on every side. A 45-minute drive from Jerusalem or Gush Dan, but what a route! A friend who is a resident of 'Ofra, which is nearer to Jerusalem than the settlement of 'Aly, and who works in Jerusalem, told me of her daily fears on the way to work and on the way back. That delicate woman, armed with a pistol in the glove compartment, and twice a day she is overwhelmed by fear, especially when she transports her small children.

This is an arrogant notice, which intentionally ignores the difficult reality, with the aim of trying to tempt whoever is still unaware of the new facts of life in the field. After a difficult intifadah of six years, it recommends moving to a godforsaken settlement in Samaria, in the heart of the danger, and to move from his home within the Green Line for the sake of "good company, a single home, a well-tended garden."

Who are they trying to persuade, when every day we see on television reports about serious concerns on the part of the settlers, who are seeking to abandon their homes and return immediately, almost in flight, to their former places? Had they only mentioned in one or two words the serious and complicated problems that confront anyone who decides now to bring his family to a settlement in Samaria, it would be possible to relate to this announcement properly. But only a fool or someone who has

become mentally disturbed would believe the settlement announcement of 'Aly, which says that: "You want what is best for your family."

The Nation Is Behind Us

But the height of arrogance is the notice on the following page, the third page of the pamphlet, which cites several sentences from the appeal, "The Union of Rabbis," in the name of a conference of 1,200 rabbis that was held in Jerusalem. The notice states: "The decision to give up parts of Eretz-Yisra'el that we hold lacks authority, contradicts Jewish faith and tradition from generation to generation, was not taken by the nation, and action must be taken to abrogate it as if it never were. The agreement involves a real mortal danger to many in Israel."

What does it mean, "was not taken by the nation"? The nation accepted it a long time ago, and the proof is that after a policy of massive encouragement by the various governments (including those of the Alignment, but primarily of the Likud) for 26 years, generous loans, almost free gifts of houses and land (usurped), the number of settlers throughout the West Bank and the Gaza Strip comes to 110,000; 2.5 percent of the Jewish residents of the state. That is all. An negligible minority, indeed problematic, but not significant. The people voted with their feet even before they voted at the ballot box, they decided to stay at home and not to be tempted to messianic adventures.

The same appeal by the rabbis talks about the agreement involving "a real mortal danger to many in Israel." As if the current presence of the settlers throughout the West Bank and Gaza does not constitute a real mortal danger for every settler and the members of his family. It is precisely their current presence there that brings upon each and every settler the immediate danger, and every unnecessary presence there only increases the dangers.

But just as a not inconsiderable portion of the settlers already know that their struggle is almost lost, and that it will be necessary, at the end of the process, to withdraw from most of the area of the West Bank and the Strip, they also know that they cannot struggle within their own camp with the extreme standard bearers, who march with eyes almost shut to a struggle that is already lost, which will only increase division and strife in Israel.

So we can expect in the coming year and the one afterwards to be witnesses to an attempt, which already appears pathetic and desperate, to hold on to the settlers' past achievements, while consciously ignoring and attempting to blur the severe dangers and the reality that is crystallizing in the territories. And all because they adhere to the anachronistic formula that also is written in the pamphlet that is signed by the heads of Yesha', according to which, "It again becomes clear that it is the settlements that will determine the borders of Jewish sovereignty and the future of the state and its security."

A sign, which was written by the Yesha' Council on the main Jerusalem-Tel Aviv road in the area of Latrun, says

"Yesha' is here." An anonymous hand added below: "Wrong, it is not here." Correct, a bad mistake, a mistake that is costing us a lot of blood.

Marketing Rocket Technology in Arkansas

94AA0053B Tel Aviv HA'ARETZ in Hebrew
25 Feb 94 p B6

[Article by Yosi Melman]

[Text] Ann Arbor, Michigan. According to foreign reports, Israel's missile testing grounds are located on the seacoast in the Yavne-Nahal Soreq region, not far from the nuclear research reactor that Israel obtained from the United States in 1955. The foreign reports state that it was from this range that, in the past six years, Israel has made two successful space lift-offs of "Shavit" launchers carrying "Ofeq" photoreconnaissance satellites.

Nonetheless, Israel's most successful space launching occurred about 70 km from President Bill Clinton's home. Camden, a city in Arkansas, is home to the Atlantic Research Company's (ARC) rocket-engine factory. Camden, says James Waller, editor of the local newspaper, THE CAMDEN NEWS, is a small, quiet "typical Arkansas town where nothing special happens." It is south of Little Rock, the state capital, and less than an hour's drive from Hope, the President's hometown. Some 15,000 people live in Camden, most of them employed by the lumber industry and a number of defense companies such as ARC.

About a year ago, Rafa'el signed a joint venture agreement with ARC to develop space-launching technology. Israel Military Industries (IMI) is holding talks to sign a similar agreement with ARC, a subsidiary of a large defense company, Seiko Corporation, which also has factories in Virginia, Maryland, and New York. The corporation makes engines for tactical missiles, including the "Stinger" ground-to-air missile, listening equipment, space radar, and other items for the U.S. Air Force and Army. It employs about 4,000 workers, including retired generals. For Israeli defense facilities, the object of forming ties and linking up with American companies—Israel Aircraft Industries (IAI) is also negotiating with some American companies, including Fireshield—is to gain a foothold in the vast space market, both the international one in general and the American one in particular. This tactic, among others made possible through the contacts in Arkansas, has definitely proved itself. The Clinton administration informed the Israeli Government three weeks ago of a change in American policy.

The previous administrations of Ronald Reagan and George Bush had prohibited American companies that manufacture missiles and technology for launching missiles into space from forming any ties to Israel. As explained by Henry Sokolsky, who was the Pentagon

official responsible for preventing proliferation of technology and strategic weapons systems (nuclear, biological and chemical weapons, missiles and components for such systems), this policy had several aspects.

The first aspect was anchored in an arrangement called the "Missile Technology Control Regime" (MTCR), which was established in 1987 in conjunction with other Western nations on the initiative of the United States. Its purpose is to prevent "dangerous" countries from obtaining missiles. The arrangement was designed to make it harder for nations in regions of international tension or those with unstable governments to acquire strategic weapons systems such as missiles. Israel refused to join the compact. According to foreign reports, she had been cooperating since the 1970's in producing missiles with Iran under the Shah and had provided information and technology to South Africa, Taiwan, and China.

Again, according to foreign reports, Israel was the first nation to introduce nuclear weapons into the Middle East. That happened as early as the end of the 1950's, aided by the French M-D 66 missile. Foreign reports also state that Israel has not only ballistic missiles but the capability to build cruise missiles (missiles that fly on a straight trajectory). This capability, the reports allege, has been translated into a series of ground-to-ground missiles called the "Jericho," "Gabriel" sea-to-sea missiles, air-to-air missiles, and the Shavit launcher, which serves as a launcher for space satellites. IAI is the primary contractor for the launcher and is now developing what is called in professional lingo the "pipe," or the platform, and the satellite that it carries. Rafa'el and IAI are building rocket engines for the project and other companies are contributing electronic, navigation, landing, control and oversight systems to producing the "Shavit."

Israel's refusal to join the compact prevented her from receiving or acquiring American information, equipment, and technology relating to missiles and made her a target of the preceding administrations' criticism. The gravest accusation was leveled in 1992, in a report issued by the General Accounting Office [GAO] contending that Israel, without permission and in violation of law, was selling China information and technology from the American "Patriot" missile. Israel vehemently denied the charge. In 1991, Israel announced a change in its position: she did not formally bind herself to the regime on controlling transfer of missile technology but declared that she would observe its terms and act in accordance with them as Russia and South Africa have.

The second aspect, as explained by Clay Mowry, who handles these matters for the U.S. Department of Commerce, relates to American import policy regarding missile and space technology. This policy establishes that all missiles carrying any equipment into space must be produced in the United States. That restriction applies to both military hardware (satellites carrying photographic instruments, satellites carrying warning devices, such as

those used during the Gulf war, and communications and listening satellites) and the civilian market (communications satellites linking up computers, telephones or television transmissions), as well as to equipment intended for research, especially for NASA [National Aeronautical and Space Agency], the U.S. space agency. The reasons for this rule are mainly defense based; the idea is to prevent secrets from leaking to foreign elements. Foreign companies seeking to participate in American projects for launching equipment into space, or American companies that have sought to use foreign missile launchers, have had to apply to the Commerce Department and the GAO to seek an import license. And although some European companies and even Communist China have received a license from time to time, it has been denied to Israeli firms.

As in other security-related fields, attempts to break into the American space market have been led by IAI through its representative in the United States, Marvin Klimo. With help from the Israeli Defense and Foreign Ministries and AIPAC [American Israel Public Affairs Committee], the pro-Israel Washington lobby, he has attempted to organize a faction in Congress. IAI previously had negotiated in vain with local companies such as Delta Research. "All our efforts in the past," says Klimo, whose title is vice president of IAI International, "were always blocked by the administration's policy of preventing proliferation" of strategic weapons systems.

Now, as noted, that policy has been changed. Two senior administration officials, Dennis Ross from the State Department and Martin Indyk of the National Security Council, arrived in Israel some weeks ago with a letter for the Prime Minister from the President. In the letter, Clinton promised Rabin that he would change the previous policy. Administration officials explained that although the details of the new policy relating to Israel are still being worked out, it is already clear that the prohibition on exports of missile and space technology pursuant to the arrangement will continue. Nonetheless, the prohibitions on imports from Israel will be lifted. "Israel will no longer be considered a security risk," a senior State Department official puts it. From now on, American companies will be able to import space and launch technology from Israel and Israeli companies will obtain licenses for participating in American projects with NASA, the Air Force, and civilian firms. The timing of the message—the President's letter arrived in Israel direct from Geneva after his meeting with Hafiz al-Asad—was interpreted as American prodding, and perhaps even as compensation for the future, to induce Israel to show flexibility in its negotiations for an agreement with Syria. Another explanation, also correct, is based on Clinton's sympathy for Israel and his promise made when he met Rabin in March 1993, to do all he can to assure Israel's technological superiority and promote strategic cooperation between the two states.

Yet another reason, and no less important, derives from Arkansas. In forging business ties to Atlantic Research, Rafa'el and IMI are erasing the modes of action that IAI,

with no small success, developed during the past decade in selling drones (through its partnership with a firm from San Diego called TRW). The simple rule: establish business partnerships with an American company and use them to advance economic interests and accumulate political influence.

The partnership between Rafa'el and Atlantic Research gained a political boost from Arkansas' two Democratic senators. In November, Dale Bumpers and David Friar sent a letter to their friend and fellow Democrat from Arkansas, Bill Clinton. Their letter pointed out that the partnership would contribute to Arkansas' economy and add another 200 jobs to the Camden factory, which now employs about 500 people. Even if that was not the most important reason, it was clear to all involved that this connection did not hurt. No president whose main concern is internal affairs and reviving the economy can remain indifferent to pleas to fight unemployment and aid the economy.

Klimo, Rafa'el's representative in the United States, says that, under the agreement, Rafa'el provides ARC a license to manufacture engines (third-stage engines) in its own plant. The price of each engine ranges from \$500,000 to \$10 million. By the same token, IAI and IMI will sell licenses to American companies to make their products. According to Klimo, the relatively low price of the "Shavit" launcher, which in the United States goes by the commercial name "Next," affords them an advantage in finding a niche in an important market in the United States—launching of small satellites (weighing 1,000 kg). Most American manufacturers, such as McDonnell Douglas, make missile launchers for large, heavy satellites, at a time when the development trend in the space market is for launching small satellites, most often for communications.

Even so, despite their elation at the breakthrough, they are still proclaiming that the path is strewn with mines. There are more than a few officials in the various bureaucratic strata who are not pleased by the President's decision. As the WALL STREET JOURNAL recently reported, they are liable to raise obstacles so that Israeli companies will not obtain the import permits requested. And launch technology is already known to many; so even when they receive licenses, Israeli companies will face stiff competition from other foreign firms discovering the economic potential of space.

Schiff on Next Senior IDF Appointments

94AA0053A Tel Aviv HA'ARETZ in Hebrew
1 Mar 94 p B1

[Article by Ze'ev Schiff]

[Text] The Military Advocate-General's report on the accident at Tze'elim-2 has broken the bottleneck in appointments to the IDF's [Israel Defense Forces] senior ranks. It has removed the reason—a pretext, really—for the artificial delay in appointing new generals to the general staff. Unless, that is, things are not as simple as

they appear on the surface. When the government approved extending the chief of staff's term of service for an additional year, Lieutenant General Ehud Baraq announced that he intends to complete his duties on January 1, 1995. Thus, he still has about 10 months in his post.

What this means is that Baraq, in the final stages of his term, is about to decide who will make up most of the generals to serve on the general staff of his successor, who already is standing on the threshold. If this had been done a year or two ago—well and good. The custom has been to permit every chief of staff to choose some of the generals with whom he is interested in working as a team. This time, the next chief of staff will not have any possibility of influencing many key appointments. The face of his general staff will be set now for many years to come.

The next chief of staff apparently will be Gen. Amnon Shahaq, currently the preferred candidate of Prime Minister Yitzhaq Rabin, who is also the Defense Minister. It would be worthwhile for Shahaq to have as much say as Baraq does on the next round of senior appointments. The Defense Minister will need advice on them from the man who will be the IDF's chief of staff in another 10 months, too.

The prolonged delay in appointments because of the Tze'elim accident was excessive. The longer the Advocate-General's work took, the more onerous the delay seemed. The error lay not in the extended service of the current generals in their posts but in the connection that Rabin and Baraq formed between the Tze'elim accident and the appointment of new generals, which were completely unrelated. The problem is that this linkage has not been severed even now.

In fairness, the Chief of Staff did not want to appoint Gen. 'Amiram Levine to a senior post immediately after he received an administrative reprimand. Accordingly, it was suggested that only a small round of appointments be made in the first stage. A "small round" of appointments could have been made only a while ago, before the Adjutant General presented his findings. The current round apparently will include appointments to Central Command, the National Defense College, and Ground Forces Command. If Baraq truly wants to appoint 'Amiram Levine to OC Northern Command, he will have to put off further exchanges in that command. That means that the "small round" is again delaying appointments. Once again, it will entangle officers who have no connection to the Tze'elim incident.

Shortening the final year of service of the chief of staff has put an end to the possibility that another senior officer will fill the post of deputy chief of staff before the decision as to who will succeed Baraq is put into effect. Baraq has tried in recent weeks to convince Shahaq to take a year off, on leave or at study, which would permit another officer to perform his duties. Although Shahaq was not enthusiastic about that idea, he left the decision to the Defense Minister. Rabin is not accustomed to

making drastic decisions in such personal matters, however, and because Shahaq has not asked to go study, the situation remains as it was.

This plan has gone off the agenda, meanwhile, because there is no reason to appoint a chief of army intelligence and a deputy chief of staff for just nine months. Such an appointment must be made for a period of years; and if it is made, the general who wins it will also be the next deputy chief of staff.

Appointments have always been a bumpy road for Baraq. Some of the senior appointments made during his term were done without his approval, as in the appointment of Yitzhaq Mordekhay to OC Northern Command. Others are not considered successful.

In the next 10 months, not only will a new chief of staff be appointed but also three regional commanders, a deputy chief of staff, and a chief of military intelligence; and there may yet be new officers in other senior posts. There is no escaping the fact that two veteran generals will be disappointed. A new generation of brigadier generals, some of them very good and some of them less so, stands on the threshold.

It is important to ensure that the next general staff is composed not only of talented officers, outstanding professionals, and men with a strategic-political grasp of the world; also, care must be taken so that the next general staff will be truly balanced. Reserve Gen. Yisrael Tal was correct in arguing long ago that above all else, the general staff must always be made up of men experienced in managing the large command structures that naturally develop from armored formations. The one who must oversee the job of this balancing is the Defense Minister, who has to see the appointment picture in its totality.

KUWAIT

Report Discloses Threats to Future Oil Exports

94AE0083A London AL-HAYAH in Arabic 6 Feb 94
p 10

[Text] The AL-SHALL weekly economic report said that Kuwait is currently debating the future of oil as the country's main source of income and that the Ministry of Petroleum and the Kuwaiti Petroleum Organization are involved in the debate that focuses on three issues—the status of oil reservoirs, foreign participation in the production of oil, and prices.

The text of the report follows:

There is currently no substantiated data on the condition of major oil reservoirs, such as al-Burqan, which is of primary importance. Studies are still in their preparatory stages. The al-Burqan study may be completed before August 1994. Preliminary studies of the reservoirs and

Kuwait Oil Company estimates of other reservoirs indicate that they suffered no major damage and that the production losses they sustained from burning were limited to three-times the regular production. Other minor losses may have occurred in addition to capital equipment damage as a result of sabotaging the fields and other support facilities for transportation, gathering, warehousing, and exporting—all of which, in the final analysis, represent the cost of opportunities foregone in the utilization of oil money. A Ministry of Petroleum response to a weekly magazine certainly agrees with the above summary, even though it lacked in detail, perhaps for political considerations.

There does not seem to be total rejection in Kuwait for the premise of foreign participation, which is the second point of concern. The Ministry of Petroleum's response seems to indicate that the premise has been accepted on a technical level and may have been the subject of precursory discussion by the Supreme Petroleum Council. The debate revolves around three caveats as we previously mentioned:

1. The role of people of influence in pushing through agreements that may not serve our national interests; either by endorsing incompetent foreign companies or by pursuing inequitable agreements. The media of information has a constructive role [to play] by alerting the legislative and executive branches in order to limit the incidence of aberrations that [tend to] proliferate in closed societies.

2. The potential for foreign government and private pressure utilizing the carrot-and-stick approach as a result of the invasion aftermath [as published]. This may be handled by raising the awareness of public opinion as well as the decision-making authorities.

3. The potential of failure in putting the country's internal affairs in order, especially where the public treasury is concerned. This is a pressing matter that calls for urgent and unpopular measures if we are to maintain a reasonable negotiating position. It seems that the Ministry of Petroleum leans so far towards foreign participation in all other oil activities such as petrochemicals, refining, and transportation, as well as in virgin territories or politically sensitive areas of production. But the Ministry of Petroleum's intentions remain just that; since the matter must go through normal channels to such decision-making authorities as the government, the National Assembly, and the Supreme Petroleum Council.

The center of controversy is the current and future consequences of lower prices as we previously discussed. The Ministry of Finance reported on this issue to the Council of Ministers and recommended freezing certain expenditures such as those for defense, reducing withdrawals from financial reserves by 20 percent, and reducing public expenditures by the same ratio. But short- and long-term implications exist and may be summarized as the potential for widening the cumulative

fiscal deficit in the face of a large increase in the flow to the labor market. Moreover, because of the need for considerable capital to develop the reservoirs in order to boost productive capacity, we will be in a poor negotiating position unless we contain the deficit shortly.

The Ministry of Finance submitted to the Council of Ministers a report primarily based on an earlier World Bank report on privatization, one of whose objectives was to ameliorate the imbalances in the components of the Kuwaiti GDP, estimated at 6.3 billion dinars [KD] in 1992.

The oil sector and the government services sector account for 76 percent of GDP, leaving 24 percent to others. But this is imprecise because of the strong and direct links they may have with others. The report deals, in its basic thrust, with the attempt to face the potential for a widening public treasury deficit, with over-employment where the surplus ranges between 20 and 40 percent, and with cost differentials. Once again, the Ministry of Finance is to be given credit for getting that report finished, for commenting on it, and for adopting its general principles and presenting them to the Council of Ministers, much as it did with its earlier report on the deficit.

The report identifies some 74 projects as candidates for privatization within five years. Of those projects, 62 are companies owned in full or in part by the General Investments Authority. Half of the [remaining] 12 projects are in the oil, electricity, and telecommunications sectors, or are part of the General Ports Authority.

The World Bank estimates government ownership in all those projects, with the exception of the oil sector, at about KD3.6 billion (\$12 billion), of which the electricity sector alone accounts for some KD2.2 billion and all other [sectors] account for KD1.2 billion.

The report goes into some detail about the candidates for privatization. It mentions, for instance, that of 62 companies owned by the General Investments Authority, some 23 may be privatized directly, six must be liquidated, and 23 need some detailed study.

Differences do exist on whether the telecommunications sector should be fully or partially privatized, but they do not seem to be insurmountable, and we believe that the [outcome] will be dictated by such variables as demand, capital, and the stipulations for privatization.

The report recommended that the electricity sector, because of its structural defects and low prices, be overhauled before it is privatized. We believe that there are social and political justifications that mandate its gradual transformation, and we concur with the recommendation to divide it up.

The World Bank recommends establishing an alternative system for health insurance, leasing the facilities of the Ports Authority, and selling 75 percent of all transportation companies, including Kuwaiti Airlines.

SAUDI ARABIA

Sayyari on Banks, SAMA, Lending, Technology

94AE0084A London AL-HAWADITH in Arabic

25 Feb 94 p 46

[Unattributed article: "Saudi Banks Increase Rate of Loans to Comply With Growth Requirements"]

[Text] Hamad al-Sayyari, governor of the Saudi Arabian Monetary Agency [SAMA] (the central bank), has stated that banks have a vital and important role in any modern economy. He said: "Saudi banks operating in Saudi Arabia undertook an important basic role in financing the national private sector in order that its projects be carried out during previous development plan periods. Total financing offered by them to borrowers increased from about 5 billion riyals [R] during the first five-year plan to R82 billion in May of 1992. Most of this financing was offered to the national private sector. This financing was in addition to the enormous financing programs offered by the state in the form of long-term loans via special funds."

He added: "The commercial banks, in order to attract citizens' savings and encourage them to make investments, created various investment funds that have met with a steadily increasing response on the part of investors. Furthermore, the commercial banks' methods of operation and the level of services they offer to the public have become more advanced in order to keep up with international progress in this field. All this is in addition to the volume of financing offered by these banks and the creation of new instruments to attract citizens' savings. These banks have benefited from modern banking technology and the introduction of automated teller machines, permitting them to offer basic banking services to customers both during the regular bank hours and when the banks are closed."

Al-Sayyari went on to say: "The commercial banks benefit from the Saudi payments network established by SAMA. By means of this network, customers can use the automated teller machines of other banks. Also, in order to develop the Saudi financial market and improve the procedures for the circulation of shares, SAMA has implemented a plan that links the banks' central circulation units to the central computer of SAMA itself, where these units receive all the offers, orders, and information relevant to the circulation of shares. In addition to all of this, SAMA and the banks are participating in the international electronic communications network that links more than 2,600 banks and international financial establishments to each other."

When referring to the banking sector, he said: "Historically it has been one of the oldest sectors that has played an important role in the development of the economies of Saudi Arabia and the Gulf nations. This sector has been subjected to a degree of supervision and control, but this has been necessary because the banking operations have expanded and branched out. This was the

reason for the decision by the minister of finance and national economy, on 16 Safar 1402 A.H. [1981], to regulate the banking profession, and this task was entrusted to SAMA. A whole division of SAMA undertakes the supervision and regulation of the banking operations."

The subject of the Saudi banks was brought up in a Saudi Economics Association conference held in Riyadh, which dealt with the topic of the challenges faced by the banking sector in Saudi Arabia. One person who spoke at the conference was Sulayman al-Mandil, general manager of the Riyadh Bank, and he presented a brief history of Saudi banking since its beginnings in 1926.

"Actually the history of Saudi banking goes back to the year 1345 A.H. (15 November 1926), when the Dutch Commercial Company opened a branch in Jeddah for the purpose of exchanging currencies carried by pilgrims from Indonesia, which at that time was under Dutch colonial rule. After that, a branch of the Indochina Bank was also opened in Jeddah on 18 Jumada I 1367 A.H. (March of 1949), then a branch of the British Middle East Bank opened in Jeddah in the month of Rajab in 1370 A.H. (22 April 1950), as well as a branch of the Pakistani National Bank in the month of Ramadan in 1370. Also, in the early fifties, a quasi-banking corporation and some bankers [started operations]. These were the beginnings of the Saudi banking sector, which by now has become a giant."

Al-Mandil said: "The Saudi banking sector, including both its domestic and foreign operations, was not able, during the oil boom period of the seventies, to meet the demands of development in Saudi Arabia and neighboring countries. This provided a great incentive for the emergence of the off-shore banks, among which a great many were established in Bahrain." After referring to the period all during the seventies when foreign banks such as the Dutch, French, British, Arab National, and Cairo banks flourished, he said: "The process of Saudiization of the capital of these banks began, and this was the source of a great incentive for them to begin important steps of development. Consequently, there began the processes of modernization of methods of administration and the utilization of modern technology. When the seventies came to an end, the Saudi banking sector had already become strong and profitable, in spite of the fact that international establishments continued to participate, to a considerable degree, in the financing of the development projects."

After having dealt with the period of the eighties, the stumbling debt crisis due to clients' inability to honor their obligations, and the fact that Saudi banks were able to successfully overcome this crisis due to their high degree of solvency at that time, al-Mandil went on to say: "The present situation of the Saudi banks is good, and the banking sector as a whole possesses clear elements of strength, which are the following:

"1. A high degree of financial solvency. The assets of these banks have increased from R5.86 billion in 1973 to R318 billion in 1993 (about \$84.2 billion), and this is twenty times what the banks had twenty years ago. Also, shareholder equities have increased from R243 million in 1973 to R30.2 billion in 1993. It has been shown that [a bank's] degree of solvency, according to criteria set by the World Bank, should be not less than 8 percent of its total assets as shareholder equities. The solvency of Saudi banks as a whole during 1992 was 13 percent, and this is higher than the solvency of banks in Japan (9 percent), Britain (10.6 percent), and France (8.8 percent). Total assets of the Saudi banking sector amounted to R318 billion.

"2. Diversification of the Saudi banking sector. It includes all of the national banks and joint banks. This is a source of strength since it is a source of enrichment and diversification for banking operations.

"3. The dynamic nature and capability of the Saudi private sector has constituted an element of strength for the Saudi banking sector.

"4. The fourth element of strength of the Saudi banking sector is the existence of SAMA, because in its work it has gone beyond the traditional role of central banks in the world today as a high bank commissioner in case of crises, and it has taken on the job of developing the Saudi banking sector and impelling it to utilize the world's most modern banking methods."

The general manager of the Riyadh Bank went on to say: "Saudi banks face several challenges, such as the acquisition of technological development, the development of the Saudi banking sector, the improvement of conditions of the work force, and expansion of loan activities." He then pointed out: "Saudi banks are in the process of facing these challenges concerning the acquisition of technology or development of the Saudi private economic sector. As far as the work force is concerned, there are requirements for them to be trained and to improve their qualifications. These banks currently have 25,600 employees, 55 percent of whom are Saudis. Total Saudiization will require a few more years, since it is proceeding at a rate of 5 percent per year, and the Saudiization of the jobs has to proceed gradually in view of the specialized positions that are occupied by foreign employees.

"The last challenge is that of loans, and this is something that the Saudi banks can increase. The volume of loans as compared with the banks' total assets at the present time is R104 billion out of a total of R318 billion, that is, they constitute 33 percent of these assets. This is an indication of the fact that loans can be increased."

The Basel Committee has classified Saudi banks as being in the same category as those of the advanced industrial nations. In spite of this fact, most of the Saudi banks have increased their capital. The solvency and sufficiency of their capital have reached a percentage higher than that set by the Basel Committee. Al-Sayyari said:

"The percentage of sufficiency of the capital of the Saudi banks, by the end of April of 1992, and according to the Basel Committee's criteria for "probable dangers," totalled 9.6 percent, as compared with the figure of 8 percent, which is required by the committee."

The fact is that Saudi banks are a reflection of the Saudi economy itself in terms of its stability and ability to achieve development when faced by crises. In this regard, the newspaper IRISH TIMES says that Saudi Arabia has followed the policy of a free market economy, diversified production and the sources thereof, encouraged industrial and agricultural development in the private sector, developed its work force personnel, increased economic cooperation on all levels, and utilized its wealth and revenues in development programs on the national level in order to hasten the rates of growth in the industrial and agricultural sectors after having provided them with the appropriate infrastructural support.

SUDAN

Al-Turabi on Egypt, Algeria, Extremism

94LD0007B Doha AL-SHARQ in Arabic 7 Feb 94 p 15

[Report by Atiliu Judiu on interview with Hasan al-Turabi; place and date not given: "We Have No Dealings with Iran, Not Even One Dollar's Worth!"]

[Excerpts] Hasan al-Turabi, in an interview conducted with him recently, said: "The secession of the south would be worse than what is happening in Somalia. The northern part of Sudan would consider neglecting the south to be an unforgivable crime, even though the north's area is equal to that of France and Italy together. Sudan must also remain a united and nonfragmented country. In the past, in Europe wars broke out between the nations there, but today Europe is a single entity. Perhaps the day will come when Africa will be united as a single entity. We Africans need unity more than Europe does, and we must overcome nationalisms that are based on the mentality of the existence of borders."

He said that there are wars going on in the south between competing rebel groups and that this is making it difficult for the inhabitants to freely vote for their future during elections. He added: "We must also consult the inhabitants of the south who have fled to the north in order to take refuge there. And we do not know whether or not the federal solution for the three provinces in the south would be the best way to put a stop to the violence." [passage omitted]

In response to a question regarding Sudan's isolation due to allegations of terrorist connections to Iran, al-Turabi replied: "We have no dealings with Iran, not even one

dollar's worth." He went on to say: "There are no Iranian tourists in Sudan, nor is there a single [Iranian] soldier or military attache [in Sudan]. The majority of Iranians are Shiites, whereas the majority of the Sudanese are Sunnis. The two nations are Islamic nations on the political level. We in Sudan are concerned about Islamic values in our education, economy, and politics, whereas in Iran, Islamic values are utilized as slogans for a revolution. Sudan has no tradition of terrorism, and no one has ever been a victim of a political attack."

In reply to a question about whether or not his country would accept political refugees such as members of the banned Algerian terrorist groups, al-Turabi replied: "There are four or five Algerians in Sudan who came to our country from Libya. They actually are refugees, but not political refugees. There are also other refugees in our country: 750,000 refugees from Ethiopia, a million refugees from Nigeria and Uganda, and about 250,000 Palestinian refugees, of whom some are from the Hamas movement and others are supporters of 'Arafat. We also have 200,000 Egyptians, some of whom work here." Al-Turabi wondered: "If Sudan is, for example, more Islamic on the political level than Egypt is, does that make it more suspect?" He also asserted that he does not consider himself to be basically a fundamentalist or an Islamic extremist.

He said: "The implementation of Islam in Sudan is not just a cultural movement, but is also an intellectual movement, which has the goal of creating a new expression of Islamic values in order to solve contemporary problems. The goal of our efforts is to achieve what is best for our country's economy and agriculture and to eliminate political corruption. Our goal is to have moral values and unity among our tribes and religious groups in a single society. We do not have expansionist or military goals, nor do we have any goals that are financial or connected with the media."

What about Sudan's relations with Egypt and Algeria, who are experiencing a wave of terrorist attacks waged by Islamic extremists and whose governments assert that foreign elements are responsible for this? Al-Turabi replies: "Any modern movement in a given society has to know how to conduct itself vis-a-vis the government in power. If the government dominates it, then this will generate resistance, and a revolution might be necessary. This is why the French revolution occurred. But if there is freedom, even to a limited degree, then it is better if there is normal progress in the direction of Islam instead of revolution. Islam is a religion, and there must take place the occurrence of real and gradual progress toward it. In Algeria, the majority voted for the Islamic movement in its elections, but the army prevented its taking power. The Algerians are a mountain people and thus reject any form of coercion, just as they did when resisting French 'imperialism.' Unfortunately, the struggle between the government and the opposition is

something that is squandering all the energy of the people and the country. I hope that Algeria will have at least a minimum of freedom and equilibrium. However, the imposition of Islam by force would not do any good." In conclusion, al-Turabi said: "The jihad means defending oneself, not waging a war. We cannot win people's hearts by means of imposing Islam by force. If belief [in Islam] is something superficial, then Islam will attract only hypocrites and not [true] Muslims. I am a religious person and do not like the use of force."

New Opposition Alliance Describes Goals

94LD0007A London AL-SHARQ AL-AWSAT in Arabic
6 Feb 94 p 3

[Unattributed article: "Sudanese Political Organization Attacks Government and Opposition]

[Text] At a press conference held in London yesterday, a group of Sudanese announced the establishment of a new political organization called the "Sudanese Federal Democratic Alliance."

The leaders of the new organization announced that their motive for establishing this organization is their fear for [the future of] Sudan, especially after talk began going around concerning the secession of the south, in view of the failure to deal with Sudan's vital issues concerning determining its identity, building its society, and establishing foundations that would include [all Sudanese] people in a single country and promote the building of the country. Mr. Ahmad Ibrahim Durayj, a Sudanese politician who was formerly the governor of the province of Darfur, is head of the founding committee of the Sudanese Federal Democratic Alliance, and he said, in a statement to AL-SHARQ AL-AWSAT, that his political group is broaching political ideas and is not hostile to any political party. He said that their political ideas are non-partisan and are directed to all Sudanese, regardless of their political and geographic affiliations and orientations and their religious beliefs.

The press statement distributed by the new organization pointed out that, after 38 years [of independence], Sudan is suffering from an unprecedented decline and collapse of its national institutions. He added: "The civil war continues to take the lives of thousands of Sudanese citizens and to force millions to flee their homes and villages, thus causing poverty and famine, destroying the nation's infrastructure, blocking all efforts for development, and leading to the collapse of the economy."

The statement, signed by Mr. Durayj, criticized the present regime in Khartoum, which he described as a "continuation, in the extreme sense, of the political views of the sectarian leadership of the country's two main parties." He said: "All political opposition forces have failed to create a common framework with our

brethren from the south, and this has made it even more likely that the nation will become fragmented."

The new alliance indicated that it is not a political party, but rather a democratic political organization that has the goal of gathering together all political and social forces as well as individuals.

He said that he is committed to eliminating the current regime in Sudan, "but does not wish to put in its place forces that would attempt to carry out a program that would not differ from that of the current regime."

The leaders of the new organization feel that the form of government that has existed in Sudan since independence has been a failure. They consider the federal form of government to be the solution to the governmental crisis as well as the problems of both the administrative center and the provinces. They also stress, first and foremost, the need to establish the necessary laws and programs for building a unified country, and they feel that religion should not play a role in politics—in other words, they favor the building of a secular state.

INDIA

Clinton Remarks to Pakistan Envoy Cause Concern

Correspondent's Report

94AS0228A Madras THE HINDU in English 16 Feb 94
p 1

[Article by C. Raja Mohan: "Clinton Rakes Up Human Rights Issue"]

[Text] Washington, Feb. 15—The U.S. President, Mr. Bill Clinton, reaffirmed on Monday the increasing alignment of his country's position with that of Pakistan on Kashmir, a development that could further set back relations with India. All American pretence of providing an even-handed approach to the problem now appears to have been dropped. It is possible that the Clinton Administration is stepping up its diplomatic activism on Kashmir to extract major concessions from India and Pakistan on the nuclear issue. The policy of linking nuclear non-proliferation in the subcontinent to the resolution of the Kashmir dispute is being fully backed by Pakistan.

Declaring that promoting respect for human rights around the world was a "pillar" of U.S. foreign policy, Mr. Clinton declared that "we share Pakistan's concerns about human rights abuses in Kashmir." His remarks came while accepting the diplomatic credentials of the new Pakistani Ambassador to the United States, Ms. Maleeha Lodhi. Mr. Clinton made no effort to provide a balance by either referring to terrorism or territorial integrity of States in the region. All that he had to add on the subject was "we also oppose infringements of individual human rights as a result of extremism and fanaticism, whether of religious or secular nature, wherever it occurs."

Plea to Clinton

Ms. Lodhi made a strong plea for U.S. support on Kashmir, when she presented her credentials to Mr. Clinton. In a speech peppered with resounding references to the founding fathers of the United States, she called on Mr. Clinton to use his "good offices to put the issue of Kashmir on the front burner of world attention," so that there was a breakthrough in 1994 on the issue that "threatens regional stability and world peace."

Declaring that the people of Kashmir were alone in the subcontinent in being denied "self-determination," she alleged that "half a million brutal occupation troops (were) making their life miserable," and that they "are denied the basic tenet of Jeffersonian democracy," the "pursuit of happiness." Praising Mr. Clinton for his policies on promotion of human rights and democracy, Ms. Lodhi asked him, "can we proselytise democracy around the world, and deny it in Kashmir? Can we reach human rights but only selectively apply it when convenient? Mr. President, morality selectively applied is by

definition immoral. It is not worthy of the new global agenda to which both our nations strive."

Ms. Lodhi thanked Mr. Clinton for bringing the issue of Kashmir before the United Nations last September, and said she was encouraged by the remarks of Ms. Robin Raphel, U.S. Assistant Secretary of State for South Asian Affairs, who has called for the resolution of the Kashmir dispute "in a way consistent with the views and aspirations of the people of the valley."

Dialogue Welcomed

He looked forward to the occasion when he could "accept" the offer of the Prime Minister, Ms. Benazir Bhutto, to visit Pakistan, Mr. Clinton said. He had a "strong interest in reducing tensions in South Asia and especially encouraging productive relations between Pakistan and India." Welcoming the resumption of Indo-Pakistan dialogue, Mr. Clinton called the Foreign Secretary levels talks "an important step to address outstanding issues, including Kashmir and the control and elimination of weapons of mass destruction."

Ms. Lodhi made a strong appeal to the United States "to seize its unipolar moment to implement the goals we share: peace, security and non-proliferation." Declaring that Pakistan shared U.S. goals on non-proliferation in South Asia, she called on Mr. Clinton to end the current "discrimination" against Pakistan, in the form of the Pressler Amendment. Expressing anguish that the Amendment targeted only one nation on the earth, Pakistan, she said the current U.S. law on non-proliferation "removes all incentives to India, which is the only nation in South Asia that has demonstrated a nuclear capability, to be forthcoming on the question of non-proliferation."

Ms. Lodhi reiterated the readiness of the Government of Pakistan "to go any place, at any time, and talk to any one to advance the cause of a nuclear free South Asia." She urged Mr. Clinton "to act as a facilitator of a new initiative, a new dialogue on a regional solution to the problem of proliferation."

'Eliminate Weapons'

In his response, Mr. Clinton noted that India and Pakistan were engaged in programmes to acquire weapons of mass destruction and ballistic missile delivery systems. "Continuing tensions between Pakistan and India, combined with these on-going programmes, creates the potential of a nuclear exchange with devastating consequences for the region and the world at large." He asked Ms. Lodhi to "work constructively with us to cap such weapons programmes, and then to reduce and eliminate weapons of mass destruction from South Asia."

On purely direct bilateral relations, Ms. Lodhi made a strong sales pitch for the continuing "strategic relevance" of Pakistan to the United States. She declared that Pakistan was a model of "enlightened, progressive

Islam for the entire world." As a nation of "moderation," Pakistan could provide a "nexus" between south-west Asia and the West Asian and the Central Asian republics. Mr. Clinton welcomed the economic reforms in Pakistan and expressed the hope that "Pakistan will enact and enforce tough laws to fight the drug trade more vigorously."

The emerging consensus between the United States and Pakistan on Kashmir and the nuclear issue remains, however, to be consolidated.

Setback to Ties

94AS0228B Madras *THE HINDU* in English 16 Feb 94
p 1

[Article by K. K. Katyal]

[Text] New Delhi, Feb. 15—Just when there was hope of a positive turn to Indo-U.S. relations—as a result of the visiting Senator, Mr. Daniel Patrick Moynihan's talks here—the American President, Mr. Bill Clinton's reference to human rights violations in Jammu and Kashmir meant a fresh setback.

Mr. Clinton's remark that the United States shared Pakistan's concerns about human rights abuses in Kashmir, caused, as was natural, shock and dismay. Its adverse effect was not mitigated even by his subsequent observations—that the United States was opposed to infringements of individual human rights as a result of extremism and fanaticism, that is, of the victims of terrorist violence. It showed, according to an official, that the U.S. policy was either not balanced or not well-informed. It was considered odd that Mr. Clinton should have been taken in by Pakistani propaganda—ignoring altogether the steps taken by the Indian Government to check excesses, including the establishment of the Human Rights Commission, as also the discussion to allow the International Committee of the Red Cross and Amnesty International to visit Jammu and Kashmir. That such statements would give a fillip to terrorist activities was additionally disturbing from the Indian standpoint.

Even before Mr. Clinton's latest statement there was a perception here that the U.S. Administration's India policy was not anchored in an objective analysis of the situation in the sub-continent. Mr. J.N. Dixit, who just retired as Foreign Secretary, was asked in an interview by "Eyewitness," about the reasons for the statements emanating from Washington on Kashmir and Punjab. He replied: "There can be only two interpretations. Either they are simplistic and you can say it is tactless or there is a deliberate motivation and they may be saying this deliberately to set the context for interference."

This, in his opinion, was the most difficult period in Indo-U.S. relations since 1971 and it could last up to two years, because of fundamental differences on issues such as nuclear non-proliferation and transfer of dual-use technology.

Until the report of Mr. Clinton's statement reached here, the mood of those working for improved Indo-U.S. relations was clearly upbeat. The talks of Mr. Moynihan, Chairman of the U.S. Senate panel on South Asia and a former U.S. ambassador here, with the Prime Minister, Mr. P.V. Narasimha Rao, yesterday and with the External Affairs Minister, Mr. Dinesh Singh, today had led to optimism about a better understanding of India's case on Human Rights and related matters.

Mr. Moynihan who, at a recent Senate panel hearing, had strongly defended India on this issue heard a detailed account from the Prime Minister of the latest developments—especially in the context of Pakistan's plans for an anti-India resolution at the U.N. Commission on Human Rights at Geneva. He told both the Prime Minister and Mr. Dinesh Singh that he would convey India's views to Mr. Clinton. He even suggested a meeting between Mr. Dinesh Singh and the U.S. Secretary of State, Mr. Warren Christopher, obviously in the belief that exchange of views at the personal level could help reduce misunderstandings.

Hopes recede: In view of Mr. Clinton's latest statement, the chances of India securing U.S. support against Pakistan's move have receded, though Mr. Moynihan's talks here had raised hopes to the contrary. It is, however, to be seen how the United States reconciles the two conflicting concepts—support to Pakistan's view of human rights "abuses" in Jammu and Kashmir, on the one hand, and faith in the continuation of the Foreign Secretary-level talks between India and Pakistan, on the other. The consequences of the first run against the spirit of the second.

According to Mr. Clinton, "these talks and other forms of dialogue between Pakistan and India should be nurtured and protected from swings in public opinion so that they become a positive feature in Indo-Pakistan relations." Will the United States discourage Islamabad from going ahead with its move because its consequences may not square up with his sentiment about the Foreign Secretary-level talks being a forum for defusing tensions between India and Pakistan?

Comment on Clinton; Raphel Remarks

94AS0228C Bombay *THE TIMES OF INDIA*
in English 17 Feb 94 p 12

[Article by Inder Malhotra: "Reality of Indo-U.S. Relations"]

[Text] On February 8, the U.S. *charge d'affaires* in New Delhi, Mr. Kenneth Brill, wrote on this page, under the heading "All's Well Between India and the United States," that relations between the two countries were on a "sounder and more substantial footing than they have been for decades." The widespread contrary impression, that the Indo-U.S. relationship is at a "low ebb," he attributed to the media's proclivity to play up differences, "real or imaginary," rather than positive developments.

Mr Brill was, of course, doing his duty as any good professional diplomat would, especially if he carries the heavy burden of running one of America's largest embassies which has been without an ambassador for nearly a year. Moreover, and more importantly, most of what he had to say was doubtless factually accurate.

Big Leap

It is a fact, for instance, that economic relations between India and the United States have taken a big leap forward. A fifth of all Indian exports do go to America, and the two-way trade in 1993 seems to have touched the record figure of \$7 billion, compared with \$6 billion in the preceding year. Equally, if not more, welcome is the dramatic rise in U.S. investments in this country, more American funds having been invested during the last 12 months than in the previous four decades. And, although Mr Brill did not say so, the formation of an India Interest Group by a number of U.S. corporate giants is a fact of great importance and something to be built upon.

At the same time, all this adds up to a classic case of facts obscuring the truth. For, if it is wrong to overlook or underplay the significant upswing in Indo-U.S. relations, it is equally erroneous to concentrate only on positive developments in the economic sphere and brush aside, with a flippant wave of the hand, the very real and, at times, hurtful differences of a political and strategic nature. These are neither imaginary nor inconsequential.

In any case, to Mr Brill's ill-luck and this country's growing dismay, shattering blows have been delivered to his basic thesis within days of the publication of his article. This was done first by Ms Robin Raphel, arguably the most powerful assistant secretary of state and the Clinton administration's "pointsperson" in running South Asia policy, in her speech to Asia Society. And now President Clinton has added insult to injury by "sharing Pakistan's concerns about human rights abuses in Kashmir."

This was no off-the-cuff remark. It was a statement of U.S. policy on the occasion of the presentation of credentials by Pakistan's new ambassador. Ms Maleeha Lodi, who had not only embarked on an anti-India tirade but also invited the U.S. President to use his "good offices" to "put the Kashmir issue on the front-burner of world attention."

Mr Clinton's subsequent and feeble remark—that his country also opposed "infringement of individual human rights as a result of extremism and fanaticism, whether of religious or secular nature, wherever it occurs"—can in no way diminish the deep offence he has caused to this country.

Doubtless, strenuous efforts would be made in the coming days by Washington to try to limit the damage done by the U.S. President who is known to have little time for foreign policy (witness the eight minutes out of 63 devoted to international affairs during the State of the

Union speech) and whose understanding of the complexities of problems like Kashmir is even more limited. There would, once again, be homilies that India should not "over-react" to what has been said. But no amount of special pleading can explain away the wounding element in the U.S. policy towards India which remains a complex mix of the good, the bad and the indifferent.

In order to understand what is really going on, Mr Clinton's latest performance has to be viewed in the context of his own two recent letters—which have given great comfort to the merchants of terror and secession in both Kashmir and Punjab—and the words and deeds of his hand-picked assistant secretary of state for South Asia.

Vigorous Protest

No one could have forgotten that, after Ms Raphel's Asia Society speech, the official spokesman of the external affairs ministry, not just the much-maligned Indian media, had protested vigorously against her extraordinary attempt to equate the civil war in Afghanistan (at least partly a product of America's massive support to rival Mujahideen groups through the conduit of Pakistan's infamous ISI [Inter-Services Intelligence], now busy in Kashmir) and the Pakistan-backed scattered insurgencies by various militant groups in the Indian state of Kashmir. The sentiment on this score at a subsequent meeting of Parliament's consultative committee on foreign affairs was even stronger.

It would, of course, be churlish to pretend that all policy statements on South Asia, emanating from the Clinton administration, are entirely negative. In Ms Raphel's speech at Asia Society, as in her earlier testimony to a special panel of the Senate foreign relations committee, there was a lot about India which was positive and friendly.

Indeed, what makes Mr Clinton's statement on human rights abuses in Kashmir as puzzling as it is pernicious is that its spirit and tenor run counter to what happened at the Senate panel's hearing on this subject. In her presentation Ms Raphel had repeatedly emphasised the various actions India has taken to enforce the observance of human rights in Kashmir and to punish those who did commit excesses.

So much so that Senator Jesse Helms, a known India-baiter, interrupted Ms Raphel to exclaim: "But killings took place in Kashmir last week." To which Senator Daniel Patrick Moynihan, now on a visit to Delhi, retorted: "And they will take place next week, just as they will take place in Belfast." Little of this percolated to the Indian public but surely the White House could not have been unaware of the proceedings. That is where the conclusion is inescapable: that there is a connection between what the U.S. President has just said and the Kashmir policy, as enunciated at Asia Society by Ms Raphel.

Full Backing

It is noteworthy that, while equating Afghanistan and Kashmir and announcing her government's determination to do something to bring "warring parties" in both places to the "conference table," Ms Raphel had told all concerned that this was not her personal policy but had the full backing of Mr Clinton. The President's remarks obviously confirm this which means that Ms Raphel's observations, especially on Kashmir, require close scrutiny. Even while conceding that there were "limits" to what the United States could do about Kashmir, she had emphatically asserted that Kashmir would remain "high" on "my agenda." It is legitimate to wonder what that agenda might be.

Time was when it appeared that the United States needling, prodding and hectoring of India over Kashmir was but a ploy to force it to sign the NPT [Nonproliferation Treaty]. This no longer holds water as any number of ranking Americans have acknowledged that India would not sign this treaty, no matter what. It follows therefore that pressures on Kashmir stand on their own. In this context, is it purely accidental that China, in top-level talks with Pakistan, has vehemently opposed the idea of an independent Kashmir which, according to Beijing, is sponsored by the United States?

This brings me to what the Americans would call the bottom line. Economics may have become the principal factor in international transactions. But burgeoning economic relations between India and the United States by themselves cannot make for a friendly relationship if, at the same time, India's unity, territorial integrity, supreme interests and deepest sensitivities are sought to be trifled with.

Remarks 'Not Surprising'

94AS0228D Bombay *THE TIMES OF INDIA*
in English 17 Feb 94 p 12

[Editorial: "Blinkered View"]

[Text] Considering that the U.S. State Department's South Asian desk has begun to compare the situation in Kashmir with the civil war in Afghanistan and has even been questioning the validity of the state's accession to India, Mr Clinton's latest remarks which have brought great joy to Pakistan are not all that surprising. In essence, what they denote is a strange reluctance on Washington's part to view the problem in all its complexity and an equally peculiar propensity to endorse without a thought the patently-motivated Pakistani propaganda on human rights violations in the valley. To the Americans, the problem is not really and probably never has been one of terrorist-inspired insurgency in an area which was entirely peaceful till the mid-eighties, presumably because such a stance will bring into focus Pakistan's clandestine role both in Kashmir and Punjab. Instead, the United States is bent on describing what is happening in the valley as an intensifying civil strife in which the Indian security forces are supposedly acting

like an occupation army while an innocent Islamabad is merely standing on the sidelines, wringing its hands in despair about the plight of Muslims in the state.

There is no appreciation in this blinkered view of Pakistan's earlier futile forays into the state, the threats, including one of a nuclear confrontation, that its leaders have been issuing about making India atone for the sins of liberating Bangladesh and of the treatment of minorities in Pakistan, compared with India's incomparably better record. If anything is clear from this inexplicably partisan attitude, it is that the United States cannot hope to act as a "catalyst," as it claims it wants to do, to promote better India-Pakistan relations. All that it can achieve through its tilt reminiscent of the Nixon-Kissinger period towards a country it was on the verge of declaring a terrorist state not long ago is to cause widespread dismay and disillusionment in India. Such feelings will be all the greater because the American stand is liable to be seen not as an expression of naivete, but as a cynical ploy to put pressure on India if only because the latter is recognised as far too independent-minded and dismissive of global American strategies. Clearly, the resentment in the American establishment about India's role as a leader of the nonaligned movement persists despite the total transformation of the international scene. Until now, India's open society had dissuaded the United States from complaining about human rights violations, but the unfortunate situation in Kashmir has given it an opportunity which it is seemingly loath to miss even if it means turning a blind eye to Pakistan's more blatant transgressions. In the process, it is again siding with elements in Pakistan that are basically inimical to democracy.

Continuing Reportage on Relations With U.S.

'Gentler Tone Is Evident'

94AS0227A Madras *THE HINDU* in English 11 Feb 94
p 1

[Article by C. Raja Mohan: "U.S. Softens Tone on India"]

[Text] Washington, Feb. 10—The Clinton administration may not initiate any substantive change in its policy towards India, but a more cautious and gentler tone is evident. Apparently there is a recognition of the buffeting that Indo-U.S. relations have taken in the recent months, and the need to provide a better balance in the articulation of policy towards India.

In the new perspective, the emphasis on the economic imperative is a little more pronounced than in the recent past. The differences on Kashmir, human rights and non-proliferation remain, but there is a stress on the positive elements of the relationship as well.

The Assistant Secretary of State for South Asian Affairs, Ms. Robin Raphel, went to some length yesterday to correct the impression that Indo-U.S. relations "have soured because of public disagreements over such issues

as Kashmir." Speaking to the Asia Society here, Ms. Raphael stated that the "reality is much different," and "the fabric of our relations extends much beyond disagreements we may have."

She referred to close cooperation in education, culture, science and technology, besides the rapidly growing commercial relationship. Ms. Raphael regretted that while the differences get most of the media attention, there is a vast positive effort to improve the relations that remains outside the spotlight.

In an important assessment, Ms. Raphael noted that expanding Indo-U.S. economic relations could be the "harbinger of further growth throughout the region." Suggesting that the rapid economic integration of South Asia with the world will encourage deeper involvement of American business, generate prosperity and provide a better market for U.S. goods. "Everybody will win" in the process, she asserted.

Balanced perspective: On the nuclear issue, too, Ms. Raphael, presented a balanced perspective. Accepting that both India and Pakistan are "nuclear capable," she noted that there are "large constituencies" in both countries who believe that nuclear capability is indispensable to their national security.

The United States, according to Ms. Raphael, must "also recognise the importance of outside factors—concerns about China, Central Asia and Russia—in the South Asian security equation." She asserted, however, that the United States must convince the two countries that nuclear weapons make the sub-continent a "more dangerous and unstable neighbourhood." The United States must make this case "honestly and without discounting the security perceptions of each side," Ms. Raphael stated. She expressed the intention to work closely with India and Pakistan to "reduce tensions and enhance confidence."

"The United States remains in favour of a multilateral process to promote arms control, non-proliferation and regional security," she said adding that India and Pakistan "already accept the multilateral approach in principle," only details had to be worked out. The U.S. emphasis on a multilateral approach is a clear vindication of the Indian position that non-proliferation cannot be addressed in a limited South Asian framework. It is also clear that the Pakistani proposal for a five-power conference on nuclear proliferation is now dead.

Less focus on human rights: Whether she meant it or not, human rights and Kashmir came lower down in Ms. Raphael's listing of American priorities in South Asia, after economic cooperation, non-proliferation, and curbing narcotics trafficking. On human rights, she noted the "long tradition of affinity for the ideas of democratic government and respect for the rights of the individual." Stating that these "democracies and individual rights are in peril," Ms. Raphael called on the

freely elected governments of South Asia to "effectively provide for the present needs and future hopes of their citizens."

On Kashmir, Ms. Raphael's comparison of the situation in the Kashmir Valley to that in Afghanistan was a bit surprising. While asserting that Kashmir and Afghanistan will remain high on her agenda for South Asia, Ms. Raphael acknowledged that she is "keenly aware of the limits that constrain U.S. policy in both conflicts." She reiterated the now-standard formulation of the Clinton administration that Kashmir is a disputed territory, and called on India and Pakistan to resolve the issue through peaceful negotiations, while taking into account—as a practical matter—the wishes of the Kashmiri people.

In a representation of the issue in non-offensive terms, Ms. Raphael said the United States regards India and Pakistan as good friends who "remain trapped in what appears to be a zero-sum game." "We would like to see them escape the tortured history of the conflict and deal with the problem based on the situation in Kashmir today." She also noted that the current American approach seems "doomed to be interpreted by one side or the other as a tilt."

In her survey of the broader trends in the region, she noted that the forces of moderation had triumphed in South Asia, despite the recent fears to be contrary. She acknowledged the valuable contributions made by India, Pakistan, Bangladesh and Nepal to the on-going peace-keeping operations in Somalia, Cambodia, Kuwait, Mozambique and elsewhere.

U.S. Firms Aid Ties

94AS0227B Madras *THE HINDU* in English 11 Feb 94
p 9

[Article by C. Raja Mohan]

[Text] Washington, Feb. 10—The India Interest Group, set up by the U.S. business community at the initiative of General Electric, an American firm, is preparing a scheme to improve Indo-U.S. ties.

In a "statement of purpose" issued on Tuesday, the India Interest Group identified three major objectives. One, "to support further liberalisation" of India's trade and investment policies. Two, to help "raise the visibility" of Indo-U.S. relations with "policy and decision-makers in Washington." Three, to promote a two-way dialogue between the American private sector and leading members of the Indian Government and the Indian Business community.

This is an informal group of U.S. companies which have a "special interest" in issues affecting India in Washington.

The current members in the group set up in December 1993 include, American Express, American President Lines, AT & T, Bechtel Group, Black Veatch International, Citibank, Coca Cola, Digital Equipment, Enron,

FMC, Ford, General Electric, IBM, International Equity Partners, Kellogg, Morgan Stanley, Raytheon, Unisys, U.S. West, and Woodward Governor Co.

The group in Washington has the active support of the confederation of Indian Industry and the Indian Ambassador, Mr. Siddhartha Shankar Ray.

An interface: The India Interest Group is not meant to "preempt or displace any existing efforts," but provide a mechanism to work with high-level U.S. Government officials, and provide "a line of communication" with Indian business and senior Government officials "about our common interests" in India.

On Tuesday night at a working dinner Mr. Ray sought to generate interaction between the India Interest Group and the India caucus, a group of Congressmen working to promote Indian interests in the U.S. Congress.

Mr. Michael Gadbaw, vice-president and senior counsel of General Electric referred to the importance of India in the company's strategy of globalisation. He called on Washington to understand the nature of changes in India and stated that "commercial interests would need to be increasingly taken into account in the policymaking process as far as India was concerned."

Declaring that India Interest Group was "extremely bullish on India," Mr. Gadbaw called on New Delhi to create greater transparency and speed in investment approval process, accelerate the enunciation of exit policy and promote development of infrastructure in power, transportation and telecommunications.

Mr. Frank Pallone, the Congressman from New Jersey, who heads the India caucus called for formulation of specific ideas and projects to promote economic ties between the two countries.

Raphel Remarks Offend

94AS0227C Bombay THE TIMES OF INDIA
in English 12 Feb 94 p 1

[Text] New Delhi, Feb. 11—India today took a serious view of the reported statement of a senior U.S. official, equating the situation in Kashmir with the civil war in Afghanistan, and asserted "we will not brook any interference by any country in our internal affairs," reports UNI.

Reacting to the recent speech of Ms Robin Raphel, U.S. assistant secretary of state for South Asian affairs, in Washington, an official spokesman in a strongly-worded statement said such references "tend to provide encouragement to Pakistan and terrorists sustained by them to continue with their violent activities" in Jammu and Kashmir.

He asserted that "no comparison can be drawn between the situation in Afghanistan and Jammu and Kashmir."

He said the situation in Afghanistan was a by-product of the cold war whereas Jammu and Kashmir had been

facing a massive campaign of terrorism aided and abetted by Pakistan. "The only link between Afghanistan and Jammu and Kashmir is that weapons and mercenaries have moved from both Afghanistan and Pakistan in support of terrorism in Jammu and Kashmir."

The spokesman said such references by U.S. officials were "unhelpful and hinder resumption of the democratic political process and a return to normalcy (in Jammu and Kashmir) which the Government of India is striving to bring about."

Papers Report Visit of Czech President

Talks With Officials

94AS0224A Madras THE HINDU in English 8 Feb 94
p 1

[All quotation marks as published]

[Text] New Delhi, Feb. 7—Having decided to recast Czech Republic's command economy along market principles, its President, Dr. Vaclav Havel, today began a forceful bid to collaborate with Indian business enterprises.

"I am proud to be able to present to you the Czech Republic as a stable democratic State with a rapidly advancing market economy," Dr. Havel said at a banquet hosted in his honour, by his counterpart, Dr. Shankar Dayal Sharma.

Among a variety of issues, Kashmir figured prominently during talks which the visiting dignitary held with the Minister of State for External Affairs, Mr. R.L. Bhatia.

The first head of the Czech Republic to visit India, after Czechoslovakia was partitioned last year, Dr. Havel, during his six-day stay, will be conferred with the Indira Gandhi Prize for Peace, Disarmament and Development for 1993.

Ideal solution for Kashmir issue: In the backdrop of India's refusal to the Pakistani bid for external intervention on Kashmir, Dr. Havel said it was "unnecessary for one side to internationalise the issue." Aware of what he described as a "complicated issue" (Czechoslovakia was a member of the UN Commission on India and Pakistan soon after its appointment), Dr. Havel said Kashmir's solution lay in a "peaceful bilateral dialogue."

Citing a precedent which saw India and Pakistan signing an agreement, he advocated that an "ideal solution lay in a peaceful negotiation as was done before at Shimla."

Hoping to see the Czech Republic supporting India's campaign to make the U.N. more representative, Mr. Bhatia discussed 'restructuring' the U.N. system with Dr. Havel. Expansion of the 15-nation Security Council is high on India's agenda.

With Dr. Havel offering India better economic opportunities following market reforms by Prague, economic

relations between the republics could well be on the upswing. Sharing Dr. Havel's optimism during talks this morning, Dr. Shankar Dayal Sharma hoped "the two countries will work together for mutual benefit in the fields of economic cooperation, commerce and trade."

In the wake of this political nod, a meeting between industrialists with the Czech Minister of Finance, Mr. Ivan Kocarnic, yielded the possibility of India investing in the Czech republic in sectors including steel, heavy engineering, computer software, pharmaceuticals, chemicals, consumer goods, ceramics and textiles. Referring to the potential economic advantages, Mr. Kocarnic told Indian businessmen that nearly 60 per cent of the Czech industry was now in private hands.

Apprising entrepreneurs that the former east bloc power house was not 'Euro-centric', he said that nearly 60 per cent of exports to Western Europe finally ended in Asian markets. Before its partition, Czechoslovakia was also a supplier of key defence equipment for the Indian arsenal. Heavy vehicles and small arms were among a variety of equipment churned out by Czechoslovakian factories which ended up in Indian defence stores.

Press Agency Interview

94AS0224B Bombay THE TIMES OF INDIA
in English 11 Feb 94 p 13

[Article by Shikha Bose: "Havel Refuses To Comment on J&K (Jammu & Kashmir)"]

[Text] Calcutta, February 10—The Czech President, Mr. Vaclav Havel, carefully distinguished his personal stand from the political stand of his government on the issue of Kashmir, in an interview with TOINS here today.

The genesis of the Kashmir problem is rooted in its history and the events of the last 40 years. It is a complex problem, which the Czech republic is observing from the outside, he said.

He clarified that this was the political stand of his government. Mr Havel said that he could not offer any personal views on Kashmir and the allegations of human rights violations, since he had not been to the state to personally see the realities.

If he had the time and the opportunity to visit Kashmir and see things for himself it would be possible to make an assessment of the validity or otherwise of international accusations against India of human rights violations in the valley.

The official position of the Czech republic on Kashmir is that the matter is an internal affair of India and Pakistan and the problems should be resolved through mutual negotiations on the basis of the Shimla agreement of 1972.

Playwright, philosopher and dissident-turned-establishment politician, the Czech President chafes under the burden of office. He confessed that the most unpleasant part of being a head of state was to have to

repeat several times over the same words at different fora. For a wordsmith, who has described his paradox as "I write mercilessly sceptical" pieces, repetition must be agony. The demands on his time to perform public duties eats into his pursuit of art. Mr Havel said that writing had become a victim of his political career.

While the horrors of "criminality, hatred among nationalities, suspicion, racism, deliberate lying, politicking in an unrestrained struggle for purely partisan interests, a hunger for power, unadulterated ambition" had receded in the Czech republic, the dangers lurked under the surface. These spectres were rampant outside the Czech republic, Mr. Havel said.

There was xenophobia, fanaticism and violence against which the struggle for morality and responsibility and conscience would have to be waged.

Mr Havel said that there were basic human rights that would have to be protected. As head of state, he would use the opportunity to further the cause of human rights. The global yardstick for human rights would have to be forged out of the inherent truths in every religion, which fundamentalists in their own self-interest had perverted to serve their fundamentalist cause. These inherent truths which were the essence of every religion would have to form the basic foundation of a global yardstick for human rights.

Mr Havel said the virus of truth was an analogy he had used to describe the dissident movement against the totalitarian regime in former Czechoslovakia. Battling ethnic conflict and violence generated by hatred between nationalities required a different remedy. Truth was weak against the accumulated bitterness of ethnic conflict and violence, he said.

Mr Havel spent part of the morning visiting Mother Teresa and handed over a cheque for the Missionaries of Charity. He visited the Kalighat temple as well.

Delhi Press Conference

94AS0224C Madras THE HINDU in English 9 Feb 94
p 9

[Text] New Delhi, Feb. 8—India and the Czech Republic have decided to work together in the "political sphere" in dealing with issues of re-fashioning of the international system in the wake of the collapse of the bipolar world, the visiting Czech president, Dr. Vaclav Havel, told a crowded press conference today shortly after receiving the 1993 Indira Gandhi Prize for Peace, Disarmament and Development.

During his two-day dialogue with the Indian leadership, the distinguished visitor—a well-known playwright, original thinker and statesman—met the President, Dr. Shankar Dayal Sharma, the Vice-President, Mr. K.R. Narayanan, and the Prime Minister [PM], Mr. P.V. Narasimha Rao.

He made a point of telling the media that he had arrived here with the Czech Government's Deputy Prime Minister and Finance Minister, the Foreign Minister, and the Minister for Trade.

In the course of his "extensive discussions" with the Indian leaders, the two countries decided to continue with the traditional friendship that existed between India and the former Czechoslovakia, Dr. Havel said.

Global and bilateral questions were also discussed. The two countries already have in place an agreement on trade and on avoidance of double taxation, and are working on agreements on protection of investment, as well as culture. The one on protecting investments was seen as especially important, as the Deputy Prime Minister, Mr. Ivan Kocharek, Dr. Havel noted that a Czech firm, the Skoda Exports, was executing a "major pipeline" in India. This constitutes the single biggest Czech investment in this country.

On the possibility of the continuance of cooperation in the field of defence between India and the Czech republic as was the case with the old Czechoslovakia, Dr. Havel said his country had a fairly advanced armaments industry in some fields and was not inclined to continue defence cooperation as before with some of the countries with which communist Czechoslovakia had ties. However, this would not be the case with "democratic, peaceful countries." There was no reason why the Czech republic should not continue exporting armaments to India, he added.

Answering another question, the visiting dignitary said, "All the fundamentalists in the world should be locked up in a room together after being disarmed, and should preferably not be supplied any food. That would perhaps produce the best result."

In response to a question relating to human rights and the former Soviet Union, Dr. Havel said a "global minimum understanding on political metaculture" could serve as a basis for global cooperation. This should include the protection of human and civil rights. He hoped that soon Russia would have no need for any dictators, "even enlightened dictators."

PM to visit Prague: Dr. Havel said he had a "very intensive, warm and friendly" meeting with Mr. Rao who has been extended an invitation to visit Prague. The invitation has been accepted.

The visiting President announced that of the prize money he had received, some would go to a home for handicapped children as promised by his wife earlier in the day, \$10,000 would be given to Mother Teresa's mission, and equal amounts to the Ramakrishna Mission and for the Dalai Lama's "village." The remaining would go to a Foundation for the benefit of the Prague Castle.

In the capital, Dr. Havel saw the Qutb Minar and Humayun's tomb, and is headed for Sarnath and Calcutta before returning home. He told newsmen. "One

day I would love to come here as a tourist, spend a month, and not move in official motorcades.

Papers Report Rao Visit to Germany

3 Feb Activities, Talks

94AS0223A Bombay THE TIMES OF INDIA
in English 4 Feb 94 pp 1, 13

[Text] Bonn, February 3—The German Chancellor, Dr Helmut Kohl, today assured the Prime Minister, Mr P.V. Narasimha Rao, that his country would do everything in its power to boost industrial and technological co-operation with India and announced that a high-level Indo-German commission on science and technology would be set up soon, report PTI and UNI.

Addressing the Indo-German economic conference along with Mr Rao, the German Chancellor said India's economic development was on the "right course" and acknowledged that there was scope for further increasing German investments in India.

Mr Rao, declaring there was "absolutely no hesitation or dilution in the commitment to liberalisation," urged German industrialists to take "one more determined step" to increase the flow of investments, in view of the "ideal opportunity" provided by the reforms process in India.

The Prime Minister assured both Indian and German industrialists at the conference that he and Dr Kohl would solve "any problem, if it comes to our level."

The two leaders told the delegates that both India and Germany were aware of the vast and untapped potential for further deepening and strengthening bilateral economic relations.

The federal government and German industry were following India's policy of reforms with close attention and sympathy and "modern India, with its reform-oriented economic policy aimed at liberalisation, is one of our most important partners on the Asian continent," the German leader told Mr Rao.

Mr Rao said further liberalisation to cover some more items was on the anvil. The items to be liberalised were those which one could think of, he said and added that he could not say a syllable more because the Union budget was only three weeks away.

Mr Rao welcomed the Asia offensive of the German industrialists who are increasingly turning towards the Asia-Pacific region for investments. India, Japan and China have been identified as major thrust areas by the newly-launched Asia-Pacific Association (APA).

In his observations, the president of the Confederation of Indian Industry (CII), Mr Jamshed N. Godrej,

announced the signing of a memorandum of understanding between CII and BDI (the German federation of industry).

Mr Godrej said India, Germany and Singapore could enter into trilateral partnership to exploit the complementarities and individual advantages in areas of skilled manpower, technology and industrial sophistication.

Meanwhile, Germany has told India that it would continue to adopt a neutral stance on the Kashmir issue and avoid making any value judgment in the matter.

The issue figured prominently during the talks Mr Rao had with German leaders, during which he voiced serious concern over the problems his country faced with regard to Pakistan's aid to terrorists in the Indian border states of Jammu and Kashmir and Punjab.

The issue also figured during the foreign secretary-level talks where the Indian foreign secretary, Mr K. Srinivasan, briefed his German counterpart on the outcome of the recent foreign secretary level talks in Islamabad and the subsequent six proposals mooted by New Delhi."

Germany urged India to sign the nuclear non-proliferation treaty (NPT), which New Delhi has refused to comply with, arguing that the existing global non-proliferation regimes were discriminatory against the developing countries.

The German Chancellor reiterated his strong commitment to nuclear non-proliferation which he has been consistently and resolutely pursuing at all international fora.

The German leader told Mr Rao that strengthening the existing global non-proliferation regimes must take "absolute priority" and reiterated his government's resolve for an indefinite unconditional extension of the NPT in 1995.

The two countries have been engaged in a comprehensive dialogue on the issue of nuclear non-proliferation and other political matters of mutual concept at the foreign office-level talks for quite some time. The two sides have already held three rounds and the fourth round is due to commence shortly.

Three high-level ministerial delegations from Germany will visit India in the first half of the current year.

An official spokesman today said these high-level visits, which will follow Mr Rao's current visit, were in line with Germany's "new-look" Asia concept unfolded by the Chancellor, Dr Helmut Kohl.

The spokesman said the German development co-operation minister would visit India next month, followed by the visit of the German economic co-operation minister in April.

The German vice-chancellor and foreign affairs minister, Mr Klaus Kinkel, is expected to come in May.

The new German perception was that it had put too many eggs in the European basket. It now wanted to expand its influence in Asia as well and had identified India, Japan and China for cementing ties, the spokesman said.

Mr Rao's visit, his second to Germany in less than three years, was extremely important because Germany had already declared India "a partner of choice in Asia." Germany had also described its relationship with India as a "strategic" one.

Germany, Europe's number one and the world's third largest economy, till recently used to be the second largest investor in India, after the United States, but had gone down to the tenth position after 1990.

However, trade volume between India and Germany had been growing steadily and touched nearly 5.5 billion Deutsche Mark (DM) in 1992. It was anticipated to cross the DM 6 billion mark in the current financial year.

Indian exports to Germany have been getting more and more sophisticated and diversified.

Further Details

94AS0223B Madras *THE HINDU* in English 4 Feb 94 p 9

[Article by Alok Mukherjee: "Germany Will Stay Neutral on Kashmir"]

[Text] Bonn, Feb. 3—India has conveyed to the German Government the latest position in the bilateral talks with Pakistan at the Foreign Secretary level, held in Islamabad this January and the follow-up in terms of exchange of "Non-papers."

At Germany's request, India has given a summary of the discussions that took place. Also handed over are copies of two non-papers presented by Pakistan, including the one on plebiscite in Kashmir, which were subsequently rejected by India, and the six Indian proposals pertaining to confidence-building measures aimed at improving bilateral relations.

These documents were handed over during the Foreign Secretary-level discussions here on Wednesday. The Indian side was led by the new Foreign Secretary, Mr. K. Srinivasan, who flew into Bonn to be part of the Prime Ministerial delegation. Wednesday's discussions were the fourth in a series of talks structured by India and Germany for closer political contacts. The earlier three rounds were conducted by the then Foreign Secretary, Mr. J.N. Dixit, and his predecessor, Mr. Muchkund Dubey.

Though maintaining a neutral stance on Kashmir and Indo-Pakistan relations in general, Germany is interested in seeing an early resolution of the problem and

improvement in ties between Delhi and Islamabad. The same dilemma confronts Germany over Pakistan's strident propaganda against India on the question of alleged human rights abuses.

The talks here took notice of the shrill speech by the Pakistan Prime Minister, Ms. Benazir Bhutto, at the Human Rights Conference in Geneva on Tuesday, when India conveyed its displeasure at the Pakistani move to try and get a resolution passed against it. The Indian side has conveyed to Germany what New Delhi's attitude would be if the resolution is indeed moved and the consequences.

In response, Germany, typically, remained non-committal, saying it was neutral on the issue and added that moving such a resolution would not help in improving Indo-Pakistan bilateral relations.

The other matter that came up for discussion pertained to the restructuring of the United Nations. Germany already filed papers for election as a non-permanent member in the Security Council and solicited Indian support. India kept its options open, saying many others had filed papers and a final decision on supporting a particular country would be taken later. The decision would, of course, depend on the status of India's bilateral relations with the contending countries, it was said.

Strategic alliance: According to observers, the significance of the Prime Minister, Mr Narasimha Rao's visit to this country twice within a short span of two years is part of a strategic alliance India and Germany want to form. While trade and economic exchanges are in the forefront of such an alliance, the political aspect is equally significant.

India, on the other hand, is keen on taking advantage of Germany's new Asia policy under which it wants to focus on the continent with emphasis on China, Japan and India. India, therefore, wants closer political contacts with an emerging global power as well as one of the key nations of Europe.

The idea is to have greater interaction so that Germany will have a better perception of the Indian position on various thorny issues, including Kashmir and human rights, which are being internationalised. The fact that Mr. Kohl in particular and Germany in general enjoy a good rapport with the United States administration under Mr. Bill Clinton is also taken note of.

To keep up political contacts, with Germany a series of bilateral visits has been planned for the current year, though this is year of elections, also involving the offices of President and Chancellor, are to be held in Germany.

Talks at the level of officials are also on for finalising treaties on double taxation avoidance and extradition and a bilateral agreement for investment guarantee.

Reply to Memo

94AS0223C Bombay THE TIMES OF INDIA
in English 5 Feb 94 p 17

[All quotation marks as published]

[Text] Bonn, February 4—The Indian government is "seriously considering" doing away with the situation that foreign equity should cover the foreign exchange requirement for import of capital goods under the automatic approval category, as part of ongoing liberalisation process, UNI reports.

This has been conveyed by the Prime Minister, Mr P.V. Narasimha Rao, in the Indian government's reply to the "Kohl memorandum" sent to New Delhi after the German Chancellor, Dr Helmut Kohl's visit to India in February last year.

The memorandum, entitled 'Proposals on Economic Policies and Procedures of the Government of India', was forwarded by the Chancellor in July last year.

Some of the other proposals for further liberalisation, made in the memorandum and under active consideration of the government, are:

- Liberalisation of the pharmaceutical and chemical industry;
- Removal of the phased manufacturing programme obligations for units established prior to the new industrial policy;
- Increasing the prescribed payment limits for automatic approvals of technical collaborations;
- Amendment of the Industrial Disputes Act.

The government's reply to the memorandum also states that on some other issues, such as enforceability of foreign awards, the government had an "open mind" and was willing to consider the matter.

The Indian reply to the memorandum was given to the German government a few days before Mr Rao's arrival on a state visit here.

The Indian reply states that it must be appreciated as a fundamental point relating to the issues raised in the "Kohl memorandum" that since the process of reforms was initiated several policy changes had been progressively made and procedures increasingly streamlined to improve the business environment in the country.

The reply adds that several of the proposals made in the memorandum were already under implementation. They were identified as:

- To decrease the number of industries reserved for the public sector;
- Faster clearance for applications under the EPCG [Export Promotion Capital Goods] scheme;

- Negotiation of more favourable double-taxation agreement;
- More liberal procedures for payment of foreign technicians;
- Long duration purchase agreements for power and secured fuel supplies for such projects;
- Equal opportunities for manufacturers in the telecom sector.

Under six broad classifications, the memorandum put forward suggestions on a vast range of areas and subjects such as desirability of a "negative" list; speeding up of state governments' proposals; uniform industrial policy in the states; remittance facilities for foreign nationals; disinvestment procedures; and governing law and arbitration for contracts entered into with foreign parties.

PTI adds: Leading political parties in Germany have assured India that the new 'Asia concept' unveiled by the Chancellor, Dr Helmut Kohl, with India as a target country for intensified bilateral cooperation and embracing a wide range of fields, would be honoured irrespective of which party came to power in this year's elections there.

This assurance was conveyed to Mr Rao, when a series of important German political leaders called on him here yesterday.

An official spokesman said that by and large there was "a multi-party support" to Dr Kohl's new 'Asia concept', as Germany has willingly recognised that Japan, China and India in Asia would be the important political and economic powers in the coming years.

The important German leaders who called on Mr Rao included Mr Hans Ulrich Klose, chairman of the parliamentary group of Socialist Democratic Party, Dr Wolfgang Schauble, chairman of the parliamentary group of the Christian Democratic Party, and Dr Hermann Otto Solms, chairman of Free Democratic Party.

Meanwhile, Mr Rao reached the historic city of Berlin this afternoon on the last leg of his six-day tour to Davos and Germany.

Mr Rao is scheduled to meet the German President, Mr Richard von Weizsaecker, besides opening the cultural festival programme at the Indian cultural centre there tomorrow.

More on Memo, 4 Feb Activities

94AS0223D Madras THE HINDU in English 5 Feb 94
p 1

[Article by Alok Mukherjee: "India, A Priority Area for Germany"]

[Text] Berlin, Feb. 4—The Prime Minister, Mr. P.V. Narasimha Rao, today began the last leg of his Germany

visit. Flying into Berlin from Bonn in a German Government plane, the Prime Minister's major programme for the day was a meeting with the German President, Mr. Richard von Weizsacker. Mr Rao also had a luncheon meeting with eminent Indologists here, when a number of issues to facilitate studies on India were brought to the notice of the Prime Minister.

With Mr. Weizsacker, the discussions were general in nature, it being basically a courtesy call. The German President is well acquainted with India, having been there in 1991. Mr. Weizsacker was in India at the height of its political crisis when the minority Chandra Shekar Government was in power and its continuance in office was under doubt. This aspect was highlighted by the German authorities on many occasions as a measure of their commitment to maintain high political relations with India, irrespective of the Government in power.

In fact, the importance that Germany attaches to India has been confirmed to the Prime Minister not only by the present Government in Bonn, but by the host of Opposition leaders as well, who called on Mr. Rao during his two-day stay in Bonn.

'Asia policy'

The leaders of the coalition parties in the present Government, as well as those from other political parties, have also told Mr. Rao that the new "Asia policy" of Germany had a national consensus and would be pursued by any Government that comes to power after the federal elections in October this year. The "Asia policy" of Germany focuses on the entire Asian region as the priority area for trade and economic concentration as well as for high political contacts. Almost all the countries of Asia have been included in the priority list, including India and Pakistan, but three countries have been identified for intensive co-operation—China, Japan and India.

Parallel meetings conducted by the members of the Prime Ministerial delegation had also indicated that the German Government has sent out the signal to its industrialists that India is now a priority area for investment and that concentration should begin. The process has been facilitated by the fact that just a few days before Mr. Rao's visit, the Government of India relied to a detailed memorandum that was submitted by the German Chancellor, Mr. Helmut Kohl, after his return from India in February last year. This memorandum listed out the various irritants that were obstructing German investment in India and the response of the Government of India had been sought to the points raised.

The proposals submitted by the Germans were broadly divided into six categories covering the financial sector, the pharmaceutical and chemical industry, the power sector, telecommunications, air traffic and general issues. The Indian response too has been fairly detailed with areas listed out where decisions have already been taken. The pending areas include liberalisation of the

pharmaceutical and chemical industry, removal of phased manufacturing programme obligations for units established prior to the new industrial policy, increase in the prescribed payment limits for automatic approvals of technical collaborations, amendments to the Industrial Disputes Act and removal of the condition that foreign equity should cover the foreign exchange requirement for import of capital goods under the automatic approval category.

The Government has also indicated that it is not in a position to agree to the suggestion for a negative list of imports, an uniform industrial policy in all the States, abolition of octroi and automatic adoption of environmental standards prescribed in advanced countries.

Joint Ventures

Individual interactions between the Prime Minister and chief executive officers of multinational corporations too have confirmed that German industry was now positive about investment in India. For instance, the representative of Mercedes Benz said that a passenger car project was being finalised with the Tata group which would make the project one of the major investments by Benz in India. Similarly, the Siemens group will be setting up two power projects in India—one at Jayamkondan with a capacity of 1,500 MW [megawatts] and another at Gandhar of 600 MW capacity. Another multinational, BASF is setting up a chemicals factory in Mangalore for the manufacture of dyestuff.

Humboldt University Lecture

94AS0223E Madras *THE HINDU* in English 6 Feb 94
p 1

[Text] Berlin, Feb. 5—The Prime Minister, Mr. P.V. Narasimha Rao, today defended his sweeping economic reforms, describing it as an idealistic striving tempered by practical thinking to ameliorate the lot of millions of Indians.

Delivering a lecture at the historic Humboldt University here, Mr. Rao drew parallel with the renowned indologist, Max Mueller who encountered hurdles when he set out to translate vedic hymns as his detractors and Mueller was embarking on a task for the next century.

Mr. Rao recalled the words of Mueller when he said in defence of his task: "No one feels this more strongly than I do. No one has been more willing to make even a beginning in this arduous undertaking. Yet a beginning has to be made and we have to advance step by step to make a breach in that apparently impregnable fortress. My principle, therefore, has always been, let us translate what we can, and thus reduce the untranslatable portion to narrower and narrower limits."

Mr. Rao said in that endeavour, the restriction of the untranslatable with limits defined more and more sharply, the politician had no less difficult a task than a writer or scholar.

In all that the politician or statesman did, his efforts must be to make the improbable possible, and to persuade his people, his adversaries and his friends, and above all himself that the impossible would so remain but need not affect, abridge or inhibit the immense possibilities that yearn to be realised. Mr. Rao asserted in an obvious answer to his detractors.

The Prime Minister said currently India was passing through the most important transition in its economy as the policies of the last 45 years were being re-oriented and efforts were on to accomplish a market-led economy.

'Walls of prejudice must go': Mr. Rao described Berlin as a city "marbled in history and shaped by the ecstasy of achievement and the anguish of war where walls have been raised and walls have been razed." He said walls of ideology had made many intellectual endeavours counter-productive and asserted that "we have arrived at a time when truly, the walls of biases, of prejudice, of small identities have to be broken, to create a new humanism based on the absolute trust and respect for the other."

Though schools of German studies in India were younger in comparison, there was nonetheless, a strong and vibrant tradition of German studies in India, he said. He also lauded the historic role played by Humboldt University in strengthening ties between India and Germany.

Mr. Rao said the establishment of the Indian cultural centre here would promote the larger cause of Indo-German friendship.

Earlier inaugurating the centre by lighting the traditional lamp, he said its establishment would provide a focal point for interaction between India and Germany in various aspects of "Indian art and culture."

Rare honour for PM: Mr. Rao was accorded the rare honour of being received by federal President, Mr. Richard Von Weizsacker, in Berlin instead of Bonn when he called on him last evening.

This is of great significance especially as Mr. Rao is the first Head of Government since World War II to be received by the federal President in Berlin. For the people of Berlin too, it is a confirmation of the fact that the city will soon become the capital of the reunited Germany as it was agreed upon by a parliamentary decision immediately following the reunification.

An official spokesman described Mr. Rao's meeting with Mr. Weizsacker at Bellevue Palace as a courtesy call. Later in the evening, Mr. Rao walked through the Brandenburg Gate with the governing Mayor of Berlin, Mr. Ederhard Diepgen.—PTI

Significance Assessed

94AS0223F Madras *THE HINDU* in English 7 Feb 94
p 1

[Text] New Delhi, Feb. 6—On the completion of the week-long foreign visit to Switzerland and Germany, the Prime Minister, Mr. P.V. Narasimha Rao, returned home today, highly satisfied with the interactions with political and business leaders.

Declining to address the customary on-board conference on his special aircraft, Mr. Rao just told presspersons in his delegation that "you have seen how the visit went off. I don't think I have anything more to add."

The task of elaborating on the Prime Minister's successful trip was left to the top officials who accompanied him, including his Principal Secretary, Mr. A.N. Verma, the Finance Secretary, Mr. Montek Singh Ahluwalia and the Foreign Secretary, Mr. K. Srinivasan. These officials drew attention to some of the significant aspects of the Prime Ministerial visit both in terms of economic and political content.

On the economic front, there were two factors which emerged from the visit. In Davos for instance, Mr. Rao chose the gathering of world business leaders to clarify India's position that it would go along on the path of economic reforms, but would choose its own pace and direction.

Pressure Resisted

The insistent pressure on India to speed up the reforms process has been resisted by the assertion that the country would not blindly follow the prescriptions laid down by "people sitting thousands of miles away, but would instead choose its own model of development, suited to its genius and circumstances." In other words, potential foreign investors have been assured of the Government's commitment to the reforms process but with the caution that all their demands would not be met.

"There is a standard check-list with these people before they take investment decisions. Has the country deregulated; has it lowered tariff barriers; has it privatised (meaning the public sector); has it liberalised labour laws, etc. We have said "Yes" to some of these points and "No" to the others. That is our position and it has been made clear to the investors what to expect from India," a senior official said.

That the Indian official position this year could be different from what it was in 1992—the Prime Minister's first visit to Davos—is obviously based on the stronger economic position today. With foreign exchange reserves of over \$10 billions, with a large number of proposals for foreign direct investment being cleared and with buoyant foreign institutional investment in the stock markets, India could afford to take a stronger stand at Davos this time, the official added. This strong economic position is reinforced by the fact that India is

now definitely on the "investment radar screen" of most industrial groups, particularly with the collapse of the expectations that had arisen with the changes in eastern Europe two years ago.

"The euphoria about Russia is over. The other markets don't show much prospects. The Asian region and India are the few bright spots for investors and most of them are aware that they should be in India in the medium term. This is the message we got in Davos," the official added.

Industry, Government Mix

The second important development of the Prime Ministerial visit is the new relationship established between Government and industry. This was evident not only in Davos but also in Germany where the inter-mixing of the official and industrial delegation was so much that the entire entourage of industrial leaders practically became part of the Prime Minister's delegation.

The meeting between Indian and German industrialists in Bonn was held in the office of the German Chancellor, Mr. Helmut Kohl. "This is unprecedented. Never has the NATO [North Atlantic Treaty Organisation] room of the Chancellor's office been thrown open for an industrial meet," the Indian Ambassador in Bonn, Mr. K.S. Rana, pointed out. The second point to note was that at this meeting, where Mr. Rao and Mr. Kohl were present, the top bureaucrats of the Government of India literally took a back seat and were seated behind the Indian industrial delegation. "This too has never happened before. Imagine the Finance Secretary sitting behind an industrialist," one official pointed out.

"The industrialists were given the signal that they were as much important in selling India as an investment destination as the Government. This close relationship between Government and industry is a new development, unlike in the past when officialdom maintained a distance from industry," the official said.

Politically Significant

On the political front too, Mr. Rao's second visit to Germany in a little over two years is of much significance. As is known, this is an election year in Germany, including that for the Federal Chancellery and going by indications available now, Mr. Kohl faces an extremely difficult task in getting re-elected. His bane has been the economy, which has come under severe pressure with the unification of West and East Germany, an achievement for which Mr. Kohl had taken the entire credit in the past.

Today, there is over 10 per cent unemployment in the country, the economy is expected to grow at zero per cent and interest rates are too high for fresh investment. In short, the economy is in recession and is burdened by the continuing cost of reconstruction of the eastern parts.

Mr. Rao's singular political achievement with this visit has been the establishment of a rapport with the entire political spectrum in Germany. The packed schedule that the Prime Minister had in Bonn was marked for the more meetings he had with Opposition political leaders against the one meeting with Mr. Kohl. Moreover, the message that Mr. Rao got from these meetings was that India would continue to be a priority area for Germany, irrespective of the Government that comes to office after the October elections.

"The Asia Policy of Mr. Kohl has national support and this has been confirmed by the political leaders who met the Prime Minister. Thus, India would remain a partner of choice and the strategic partnership between the two countries would remain unaltered even with political changes in Germany. This assurance has been received by India," another top official in the Prime Ministerial entourage said.

Details Given on German Aid Grants, Efforts

94AS0225A Bombay THE TIMES OF INDIA
in English 15 Feb 94 pp 1, 15

[Text] New Delhi, Feb. 14—Germany today extended development assistance comprising loans and grants of Rs 760.4 crores [rupees] (roughly DM 380.2 [Deutsche mark] million) to India for various ongoing developmental schemes, reports PTI.

An inter-governmental agreement to this effect was signed by the visiting federal minister for economic co-operation and development, Dr Carl-Dieter Spranger, and the Union finance minister, Dr Manmohan Singh.

Under the agreement, German government would provide loans of an amount of DM 230.2 million and grants of DM 150 million, totalling DM 380.2 million (Rs 760.4 crores).

The German grants would cover a primary health project in Maharashtra, low-cost house-building programme of HUDCO [Housing and Urban Development Corporation], rural water supply expansion plan in Rajasthan and erosion control project in Maharashtra, an official release said.

The loans are highly concessionals and carry an interest of 0.75 per cent per annum repayable over the period of 40 years including a moratorium of ten years.

The details of the loan components include a loan of DM 27.03 million for the modernisation of Rourkela Steel Works, a loan of DM 37.70 million, for the expansion of the Neyveli lignite opencast mining project, a loan of DM 30 million to be made available to the National Bank for Agriculture and Rural Development (NABARD) to finance a programme for the promotion of rural small-scale business and a loan of DM 60 million to meet foreign exchange costs resulting from the purchase of fertilisers from Germany.

Other schemes covering the loan components include a loan of DM 60 million to be used to co-finance a financial sector-related adjustment programme and a loan of DM 15.20 million to the SIDBI for its lending schemes to small scale industries.

Grant amount of DM 150 million covers a financial grant of DM 20 million for a primary health project in Maharashtra, a financial grant of DM 15 million for a social marketing plan, a financial grant of DM 35 million for a low-cost house-building programmes for lower income groups (HUDCO), a financial grant of DM 55 million for the expansion of project rural water supply in Rajasthan and a financial grant of DM 25 million for the expansion of the erosion control project in Maharashtra.

Meanwhile, Dr Manmohan Singh told Dr Spranger that India will adopt a step by step approach in implementing the reform process to ensure that it is durable.

Dr Spranger among other subjects discussed issues relating to bilateral aid policy and foreign investment in infrastructure areas like power. He said the National Renewal Fund programme was identified as an important element of the reform process.

The German minister expressed satisfaction at the signing of the Indo-German financial cooperation protocol through which Rs 760 crores will flow to India and indicated that a new dimension to Indo-German co-operation had been added in recent years with active partnership at various levels.

Dr Spranger said, besides giving aid, Germany was willing to assist India in various areas during the implementation of economic reforms.

Battle tank: Dr Spranger said that his country would soon be taking a decision on supplying engines for India's main battle tank (MBT) "Arjun" reports TOINS.

Addressing a news conference here today, Dr Spranger said that there was an intense debate in Germany on supplying engines for India's MBT and went on to reveal that the issue had figured in discussions during the Prime Minister, Mr. P.V. Narasimha Rao's recent visit to Germany.

"A decision on the issue will be taken soon," he said. When asked how soon, Dr Spranger replied, "I don't think you will have to wait long."

The "Arjun" will be required to be powered by the German MTU 1400 HP diesel engines till such time when India develops an indigenous engine for which efforts are continuing. Following successful conclusion of the static and dynamic trials that were witnessed by the former defence minister, Mr Sharad Pawar, at the Hahajan Ranges exactly a year ago, six of this state-of-the-art MBT was formally inducted into the Indian army on June 14 last year.

Team in Maharashtra

94AS0225B Bombay *THE SUNDAY TIMES* in English
13 Feb 94 p 7

[Article by Anbarish Mishra: "German Team To Review Projects"]

[Text] Bombay, February 12—A high-profile delegation from the Federal Republic of Germany is on a two-day visit to Maharashtra to review the on-going projects of technical co-operation between India and Germany.

The German minister for economic co-operation and development, Mr C.D. Spranger, leads the delegation of top officials, technical experts and 20 journalists.

Sources said the visit has been prompted by widespread criticism in Germany that financial aid to India be reviewed in the wake of New Delhi's alleged human rights violations in Jammu and Kashmir. Also, the popular opinion in Germany is sharply critical of the ruling coalition's aid policy because of acute resource crunch at home. Mr Spranger's visit is not only to consolidate the economic ties between the two countries, but also to publicise the Indo-German works in Maharashtra as proof of "good work," said a top Maharashtra government official.

The delegation visited Mendhwan and Kasare villages in Ahmednagar district yesterday and inspected the watershed projects funded by Germany. Maharashtra's agriculture and water conservation minister, Mr Harshavardhan Deshmukh and Mr Ashok Basak, secretary, water conservation, accompanied the delegation.

Under an agreement between India and the Federal Republic of Germany, the *Kreditanstalt fur Wiederaufbau* offered a whopping aid of DM 12 (Rs 216 million) to Maharashtra in 1991 to develop micro-watersheds in the state, a dream project of Mr Sudhakarrao Naik, then chief minister of Maharashtra. The National Bank of Agriculture and Rural Development (NABARD) is the Centre's nodal agency which monitors the watershed works in close co-operation with non-governmental organisations (NGOs) and local villagers. The project aims to support the sustainable production systems in drought-prone villages such as Jadgaon in Aurangabad, Mendhwan and Kasare in Ahmednagar, Vilvandi in Nasik, Upale-Agave in Ratnagiri, Rejani in Yeotmal, Nidhal in Satara and Shillimb in Pune.

From the aid received from Germany, NABARD provides grants for preparing projects and the overhead expenditure, the actual work of watershed development and the promotional and training activities for the village community as well as the NGO activists.

Till date, NABARD has received an amount of Rs 20.4 million and disbursed grants to the tune of Rs 10.3 million to nine village watershed committees and the NGOs. Nine projects are underway in different parts of Maharashtra covering an area of about 16,022 hectares, it is learnt.

The watershed projects have yielded "encouraging" results, according to a senior official. "There are visible signs of improvement in agriculture production," he added. The project villages which previously depended on tankers for the supply of drinking water during summer now have a year-round supply of well water, thanks to conservation measures. Also, the watershed work has resulted in the expansion of rabi areas and a remarkable increase in the kharif output.

With a marked improvement in the ground-water potential, pumping devices and water-saving irrigation equipments such as sprinklers and drips are much in demand, particularly for raising horticulture crops. In some villages, the community has decided to ban free grazing [as printed] and felling of trees resulting in the improvement of biomass production.

Mendhwan, a major beneficiary of the Indo-German technical co-operation, is a classic example of how soil and water conservation measures can transform a semi-arid, drought-prone area into a self-sufficient village where the agriculture season has doubled and villagers have clean drinking water near their homes.

Russian Arms Supplies Continue, Naval Chief Visits**Upswing in Relations Seen**

94AS0226A Madras *THE HINDU* in English 9 Feb 94
p 1

[Article by K. K. Katyal: "Arms Spares From Russia Coming"]

[Text] New Delhi, Feb. 8—Three shiploads of spares for the defence hardware are arriving from Russia this month, marking a breakthrough in the jammed supplies since the disintegration of the Soviet Union. One ship has already arrived, another is expected this week and the third later in the month.

This is not the only sign of an upswing in India-Russia bilateral relations, the plans for the exchange of visits by the top brass being the other. The Russian naval chief, Admiral Gromov, is due here soon, while the Chief of the Army Staff, Gen. B. C. Joshi, will go to Russia later this month. Russian ships will make a call at Bombay in the near future, while the plans for joint naval exercises are under way.

At the political level too, the warmth and likemindedness, evident during the stay here of the Russian President, Mr. Boris Yeltsin, remains intact. According to latest indications from Moscow, Russia will support New Delhi's stand at the U.N. Human Rights Commission at Geneva, where Pakistan plans to move an anti-India resolution. The warmth beneath the customary Republic Day message from Mr. Yeltsin to the President, Dr. S.D. Sharma, has not gone unnoticed. "Our two countries are united," said Mr. Yeltsin, "not only by the concurrence of the core national interest, adherence

to democratic objectives but also by the invaluable potential of mutual trust and sincere goodwill."

The idea of the Prime Minister, Mr. P.V. Narasimha Rao's visit to Moscow has been seriously mooted but the schedule is yet to be finalised. At one stage, the two foreign offices proceeded on the assumption of a trip in May—but, now a later date is to be fixed, around the middle of the year.

The two leaders recently exchanged letters, dealing with bilateral issues and the problems of their respective regions. Kashmir and Indo-Pakistan relations figured in the two communications though the precise references are not known publicly. According to the Russian embassy sources here, Moscow regarded Kashmir an integral part of India and affirmed faith in its territorial integrity, considered a "must" not only for the region but for the world as a whole.

On one issue, however, Russia will need to update its position. Mr. Yeltsin's letter, it is learnt, had noted with satisfaction Pakistan's decision to give up its plan for an anti-India human rights-related resolution at the U.N. That phase, however, proved short-lived with Pakistan thinking of an identical move at Geneva. On trans-border terrorism, India has every reason to draw comfort from the Russian view.

Admiral Gromov Arrives

94AS0226B Bombay *THE TIMES OF INDIA*
in English 15 Feb 94 p 7

[Text] New Delhi, February 14—The commander-in-chief of the Russian navy, Admiral F. N. Gromov, arrived here today on a first-ever visit by a Russian naval chief.

The issue of ensuring regular supply of spares for the Indian navy figures prominently during discussions between the Indian and the Russian naval chiefs, at which, matters relating to mutual interest and cooperation also figured.

As is also true in the case of the Indian air force and the army, the Indian navy too has been facing problems in receiving regular supply of spare parts. The bulk of the Indian navy, about 70 per cent, comprises ships, submarines and other equipment from the erstwhile Soviet Union. This includes 16 submarines and missile boats each, and four destroyers and corvettes each.

Indo-Singapore Information Technology Park Opens

94AS0190I Madras *INDIAN EXPRESS* in English
29 Jan 94 p 13

[Text] Bangalore—The Rs 500-crore [rupees] Indo-Singapore Information Technology Park was inaugurated here on Friday by Singapore Prime Minister Goh Chok Tong.

An agreement was signed on the occasion between the three joint venture partners promoting the park: Ratan N. Tata, chairman, Tata Industries Ltd; Albert Hong, chairman, Information Technology Park Investment Pvt Ltd (ITPI), Singapore; and M.C. Satyawadi, chairman, Karnataka Industrial Areas Development Board (KIADB). The investment of the three partners will be in the ratio of 40, 40 and 20 per cent respectively.

Speaking on the occasion, Prime Minister Goh felt Bangalore would soon attract a large number of persons from the region, with an increasing number coming from Singapore itself.

However, the resulting boom would cause congestion and Bangalore would soon find itself tackling a problem similar to the one Singapore has been grappling with for a long time—that of balancing growth in a limited area with environmental protection. Though Bangalore's leaders had shown vision in demarcating a green belt, the problem of restructuring to meet the influx could be tackled with expertise from Singapore, Goh said.

Karnataka Chief Minister M. Veerappa Moily noted that the park will represent Singapore's single largest investment in India to date.

He said the park had been conceived and set in motion in the quickest possible time, and this will be the state government's attitude to future projects proposed by industrialists.

Singapore's Economic Development Board Chairman Philip Yeo agreed. "The launch is testimony to the initiative taken by the Government of Karnataka," he said.

Ratan Tata said the park would hopefully attract companies to India for high-tech activities by providing an environment equal to or better than the best abroad. Others who spoke on the occasion included Karnataka Governor Khurshed Alam Khan and Union Railway Minister C.K. Jaffer Sharief.

Rao Opens Religion and Politics Conference

94AS0197I Madras *THE HINDU* in English 31 Jan 94
p 9

[All quotation marks as published]

[Text] New Delhi, Jan. 30—The Prime Minister, Mr. P.V. Narasimha Rao, today warned that the balance between religion and politics, which are distinct and separate spheres, is under challenge as never before. "Freedom of religion does not imply freedom to misuse religion for political ends," he said while opening an international conference on 'religion and politics' here.

Cautioning the people against divisions of majority and minority on the basis of religion, he said the polarisation with a religious focus was sought to be turned into "political polarisation for party advantage."

"This obviously violates the basic secular structure of the Constitution under which democracy operates. The line between the two is thus abundantly clear and needs to be enforced in whatever manner necessary," he stressed.

Organised by Rajiv Gandhi Institute for Contemporary Studies, under the aegis of Rajiv Gandhi Foundation, the conference has drawn distinguished scholars from India and abroad. The Human Resource Development Minister, Mr. Arjun Singh and Ms. Sonia Gandhi, chairperson of Rajiv Gandhi Foundation, attended the conference.

Mr. Rao said religion has and will continue to have a profound influence on the way people think, feel, act and react. This influence could not be wished away but the issue had to be examined with an empathetic understanding of human nature and evolve solutions in consonance with it.

Three key points: Highlighting three important aspects, Mr. Rao said that first the Constitution had the necessary clarity to specify the domain of religion in respect of politics and to take care of any transgressions. Second, freedom of religion does not imply freedom to misuse religion for political ends and this needs to be specifically spelt out. Third, our ancient civilisation provides a sound base on which to build a model for regulating the interaction of religion and politics.

Dwelling upon religious tolerance in Indian society, Mr. Rao said a liberal outlook was the distinctive feature of our civilisation. "This is a remarkable example of a society, and a polity, in which there is a wide range of religious communities that co-existed over long centuries," he said.

Brushing aside as "romantic" suggestions that the co-existence between diverse religious communities had been entirely free of social violence and communal strife, Mr. Rao said the dominant characteristic of religious interaction within Indian society is that of tolerance and harmony.

It would be appropriate for scholars to explore how our religious and political leaders were able to create in the past a durable, liberal society within a multi-religious polity. Pausing upon his reflections, the Prime Minister added that while life is taken as comprehensive, its various aspects have also been developed separately, each with an autonomy which makes it free and unaffected by the other to a great extent. "This could be a form of the separation of religion from politics, which has been achieved quite naturally and spontaneously. Neither has questioned the other, nor interfered with the other. There appears to be no time when an adversarial relationship developed between religion and the political process."

Paying rich tributes to Mahatma Gandhi whose 46th death anniversary was observed today, the Prime Minister said it was tragic that this apostle of non-violence met his end at the hands of a religious fanatic. "In the

manner of his death we have a demonstration of the difference between faith and fanaticism and of the damage that religious fanaticism can inflict."

'Disturbing developments': Stressing the need to examine the relation between religion and politics urgently because of certain disturbing developments in recent years, Mr. Rao expressed disdain over the divisive influence of religious fanaticism on the international scene. "Today, when a scholar proposes that the next major conflict in the world will be on religious lines, people listen with attention. Forty years back such a thesis would have been dismissed out of hand," he said.

In his keynote address, Mr. Arjun Singh said the foundations of the Constitution rest upon the sanctity of liberal institutions and also upon the freedom of religious worship. The imperative to strike a meaningful balance between religion and politics to avoid disruption of social order and human progress is universally recognised, he said.

In her brief opening remarks, Ms. Sonia Gandhi, touched upon the universality of Indian culture. She said the beauty and profundity of Indian culture was that it had received and welcomed several faiths and was home to several major religions.

Assam High Court Rules on Voter Rolls

Instructions Overturned

94AS0203A Madras THE HINDU in English 31 Jan 94
p 4

[Text] Guwahati, Feb. 1—In a follow-up to its ruling on Friday, the Gauhati High Court today directed the Election Commission to include in the draft electoral rolls, the names of encroachers on government land who are otherwise eligible to exercise their franchise.

The draft rolls with respect to these people are to be published and their names included in the final voters list after claims and objections, if any, are disposed of in accordance with law.

Legal experts said today's suo moto order by a division bench comprising Chief Justice R.K. Manisena Singh and Justice Neera Sharma clarifies the operative portions of the court's earlier ruling. On Friday, the court held Clause 7.4 of the Election Commission's special revised instructions issued on May last year, unconstitutional and violative of the Representation of People Act (1950).

The controversial commission clause prohibited the inclusion of names of all encroachers on village grazing reserves (VGR), professional grazing reserves (PGR), forest land, khas land or any other government land, in the electoral rolls.

Later the commission modified the directive under pressure from various quarters, including the state government. It said the instructions would not apply to those

Indian citizens whom the Assam government does not intend to evict from the lands under their encroachment until the end of 1993.

Today's court directive has given a new turn to the rolls revision process in Assam. The final voters list in 86 of the state's 126 Assembly constituencies have already been published last month. A special revision of rolls was ordered in the 40 remaining constituencies, perhaps due to a suspicion that they still contained names of illegal aliens.

Subsequently, the election commission ordered an update on the rolls in all the 126 constituencies in the state, with January 1, 1994, as the qualifying date. The commission has finally set May 17, 1994, as the deadline for completing the entire rolls revision process in Assam that began with its directive for a special intensive revision on August 21, 1992.

However, the task is far from over. The commission will now have to prepare draft rolls for the encroachers on government land who are otherwise eligible to vote. This process has to be carried out in each of the 126 constituencies, including the 86 where the final voters list have already been published. The names of such persons in the draft roll can be included in the final list only after claims and objections are disposed of.

Minority leaders have welcomed the court order to include names of encroachers in the draft rolls and their subsequent publication. They feel this will help those 1000s of other people whose names are in List II of the draft rolls and whose citizenship, they claim, is unnecessarily doubted. Many of them could not put up claims for including their names in the voters list since they lack the documents stipulated by the election commission. Many of the encroachers also do not possess proper documents to prove their relationship.

'Encroachers' Rights

94AS0203B Calcutta THE TELEGRAPH in English
2 Feb 94 p 1

[Text] Guwahati, Jan. 30—The controversy over the electoral rolls in Assam has taken a new turn with the Guwahati High Court holding that Clause 7.4 of the "Special Revised Instructions" of the Election Commission, issued on May 18 last, "unconstitutional, arbitrary and violative of the Representation of the People Act, 1950, and rules framed thereunder."

Specifically, the Court has held that this Clause violated Article 14 of the Constitution.

A Division Bench of the Court, comprising the Chief Justice, Mr. R.K. Manisena Singh and Justice Ms. Meera Sarma, passed the order on Friday while disposing of writ petitions challenging some of these guidelines filed by some leading members of the United Minorities Front (UMF).

The controversial clause read: "7.3. The Electoral Registration Officer shall also take every possible care to ensure that names of persons in whose cases objections were filed and upheld, as well as names of persons whose claims were rejected during any earlier revisions of 1990, 1985, etc., on the ground that they were not citizens of India are not to be included in the draft roll. He should also ensure that cases where enquiries have been initiated by the police with a view to filing cases under the Foreigners Act, 1946 or IM(DT) [expansion not given] Act, 1983, are also excluded.

Similarly under Clause 7.4, the Electoral Registration Officer should ensure that the names of encroachers on VGR/PGR/forest lands/khas lands or any other Government lands are not included in the draft rolls.

These guidelines provoked Opposition from virtually the whole spectrum of political opinion in the State, though the grounds for such opposition were different. The fact is that encroachments on Village Grazing Reserves (VGR), Professional Grazing reserves (PGR), and forest and Khas lands are a generalised phenomenon with every section of the population encroaching upon them, though the perception about the nature of such encroachment, or about the identity of such encroachers, has always been selective, with "popular" opinion holding that it is only the descendants of erstwhile migrants from former East Bengal who are predominantly such encroachers.

Modified guidelines: Faced with such opposition, to which the State Government too was a party, the Election Commission modified those guidelines with the following proviso added to Clause 7.4: "Provided that the above instruction shall not apply in relation to such eligible Indian citizens whom the State Government of Assam does not propose or plan to remove from the lands under their encroachment immediately and at least up to the end of the year 1993. "In other words, the modification of the original guideline not merely acknowledged that they were difficult (if not impossible) to implement, but also constituted an escape clause, as it were, enabling the Election Commission to make a retreat from an untenable position.

The petitions filed in the Court had also challenged Clauses 6.7, 6.9 and 6.10 of the Special Revised Instructions which had provided for the publication of two "Lists" of enumerated voters: a List I, "containing the names of persons who are verified by the District Magistrate to be Indian citizens"; and a List II, "containing those names which are not considered Indian citizens by the District Magistrate," (6.7). Further, Clause 6.10 said that "Where the police have initiated inquiries in respect of any person with a view to filing cases under Foreigners' Act, 1946 or Illegal Migrants (determination by tribunals) Act, 1983, the names of every such person shall be included in List II and not in List I." The result of following that directive was that List II had about 15,76,000 [as printed] names which included the names

of 13,73,000 who had filed claims, and in respect of about nine lakhs of whom such claims had been accepted.

According to a document prepared by the United Minorities Front (UMF), whose intervention on the issue in the court has led to the order, the Election Commissioner's directives envisaged treating all persons included in List II, including about eight lakhs whose cases had been referred to inquiries under the Foreigners' Act and the IM(DT) Act, were treated as "non-citizens."

According to the UMF, of these only about 58,000 cases had been referred to the tribunals formed under the provision of the two Acts, and according to sources in the State Government, only 20,000 of these had been finally and indubitably found to be illegal aliens.

The Court which had in an earlier order directed that the names in List II should be published has now questioned the very classification of people into groups of "citizens" and citizens whose status is "suspect." It has held that the classification should be reasonable and not based merely on "suspicion."

Thanjavur Will Host Tamil Conference

94AS0190K Madras *INDIAN EXPRESS* in English
30 Jan 94 p 5

[Text] Madras—The eighth world Tamil conference will be held in Thanjuvar in January next.

The five-day conference, to be organised by the International Association of Tamil Research with the full support of the state government, will be held on the Thanjavur University complex from Jan. 1.

This is the third Tamil conference to be held in the state. The second was held in Madras in 1968 during the rule of Arignar Anna and the fifth in Madurai in 1981 when MGR [M.G. Ramachandran] was the Chief Minister.

A press release, on Saturday, said the decision was taken by Chief Minister J. Jayalalitha on behalf of the government.

Seminars, symposia, patti manrams, cultural programmes and exhibitions would be held during the conference.

The release said a reception committee, headed by Jayalalitha, would be formed to finalise the events and programmes. The committee would also consist of Finance Minister V.R. Nedunchezhiyan, senior most members of the cabinet and Tamil scholars.

An academic committee, headed by the chairman, International Association of Tamil Research, would also be constituted.

Besides, committees to look after the souvenir, hospitality, procession, transportation and tour, publicity, dais and pandal arrangements, accommodation, exhibition, information and public relations, city improvement and co-ordination would also be constituted.

Avathara Mahotsavams: The Alwar Divya Prabhandha Project, Tirupati, under the auspices of the Tirumala Tirupati Devasthanams [TTD], is celebrating *Avathara Mahotsavams* of Thondaradipodi Alwar and Thirumazhisai Alwar at the TTD Information Centre, T. Nagar, Madras-17, on Monday (Jan. 31) at 5 p.m.

Ms M.S. Ramesh, IAS [Indian Administrative Service], will preside, Sri U.Ve. M.A. Venkatakrishnan and Prof. Gnanasundaram will deliver the lectures.

BJP Government in Delhi Said To Face Problems

94AS0190F Bangalore *DECCAN HERALD* in English
20 Jan 94 p 8

[Article by Deepak K. Upreti: "Khurana Government Has Many Handicaps"]

[Text] After over 100 years since Mughal rule ended, the Bharatiya Janata Party's [BJP] first empire in Delhi shows an ironic resemblance to the reign of the last Mughal King who had the high-sounding title of Badshah without any effective power.

BJP chieftain Madan Lal Khurana is finding it hard to have his say in the affairs of the capital city under the dominant presence of the Congress under Mr P.V. Narasimha Rao. With a truncated statehood under his arm, the Chief Minister's announcements are evoking amusing responses from his Congress rivals.

His recent threat to cut off water to VIPs [very important persons], including Union ministers, in the wake of a water crisis in Delhi, illustrates the queer status of Delhi's Chief Minister. The dispute on the sharing of Yamuna waters between Haryana and Delhi has been used by the Haryana Chief Minister to bully the newly-stalled BJP Government in Delhi.

The decision of Mr. Bhajan Lal to stop water supply to the Haiderpur water treatment plant in Delhi despite last month's agreement had placed Mr. Khurana at the mercy of Prime Minister P.V. Narasimha Rao, who in all such cases happens to be the final arbitrator. The Haryana Government's action had reduced the daily supply of water to the capital by 25 mgd [million gallons per day], severely affecting parts of the city. Notwithstanding Central assurance, the Haryana Chief Minister has kept cocking a snook at his counterpart in Delhi.

Well aware of the Delhi Government's status vis-a-vis other State Governments, the Congress leaders were only too amused with Mr. Khurana's threat to cut off water supply to VIP areas, prompting Delhi Congress Pradesh Committee chief H.K.L. Bhagat to describe the threat as "childish."

The toothless Khurana Government, which was elected by an overwhelming mandate last year, finds itself

caught in a cleft. The limited powers of the 70-member Delhi State Assembly would not permit the BJP to implement the promises it had made to its supporters in the capital and yet it remains vulnerable to their criticism for its apparent non-performance.

The constitution of the Assembly excludes it from having any jurisdiction over land and land use, law and order and allows full Central control over financial matters. Subjects related to the land are of vital importance in relation to the planned development of the metropolis but the powers of making any change in the *status quo* in land relations are largely vested in the Union Urban Housing and Development Ministry.

Similarly, in the case of surface transport, law and order and other major subjects, the Central Government still occupies the driver's seat and retains the relevant powers which would be required by the BJP Government to bring about any meaningful improvement in the lot of about 93 lakh inhabitants of Delhi.

The megacity, which has the highest suspended pollution in the world and is virtually crammed with over 30 lakhs vehicles, requires major legislative changes to streamline the vehicular traffic and restrict the rising rate of pollution. The short-lived populist moves in the past, including that of Ms. Maneka Gandhi, former Union Environment Minister, to check vehicular pollution had evoked more ire than applause from Delhites.

The political power attained by the BJP has, so far, allowed it to implement only those key promises which were also bandied about by its rival political parties, including the Congress. The regularisation of 600 *jhuggi-jhopri* clusters which existed before March 1993, has, thus, come on the top of BJP's agenda and is likely to find a smooth passage in the Assembly.

Apart from taking small steps towards the development of Delhi which includes making roads better by removing encroachments, improving streetlights and cleaning right the abysmally bad lavatories, the Khurana Government has made its first major political move to book the culprits of the November 1984, Sikh riots in Delhi. The nine-member panel constituted by the BJP Government has recently indicted over 70 persons, including Congress leaders like Sajjan Kumar and Mr. Bhagat.

The panel with Mr. Justice (Retd) R.S. Narula at its head has accused the Home Ministry of not responding to the CBI's [Central Bureau of Investigation] application to file a charge-sheet against Mr. Sajjan Kumar since 1992. However, the recommendations of the panel, which had Lt-Gen. (Retd) Jasjit Singh Aurora and academician, Dr. Mahip Singh, as its members, are unlikely to carry much weight with the Central Government. It may be noted that even the recommendations of the Jain-Aggarwal Committee, which was appointed by the Union Government itself, have not been implemented.

The twin status of Delhi has all the elements which could create more complications than resolve them. The partial status of statehood and overlapping jurisdiction of Centre and State is sure to stoke the fires of political controversy in the coming months.

The Delhi State BJP currently busy in the selection of the candidates for the municipal elections will, however, have relatively more freedom to function in the local body if it manages to get as big a majority as it did in the Assembly elections.

A pitched battle is on the cards for the municipal elections as Mr. Bhagat, the Congress supremo in Delhi, is making a last ditch effort to re-establish himself and gain the political ground which he had lost in the Assembly elections.

Bharatiya Janata Sees Scam in Export Scheme

94AS0197N New Delhi PATRIOT in English 23 Jan 94
p 3

[Text] The Bharatiya Janata Party [BJP] on Saturday alleged VABAL scam (Value Based Advanced Licensing scheme) worth thousands of crores, may turn out to be much bigger than the stock scam, urging the government to inquire into it and punish the guilty.

Talking to newsmen BJP economic exports Jai Dubashi who is a member of the national executive alleged that in this scam that concerns commerce ministry, the customs revenue had been hit by Rs 3,000 [rupees] crore and that excise revenue by another Rs 2,000 crore. He said the exports figures being quoted by the government are highly inflated and need be inquired and checked.

He said people involved in this VABAL scam are owners of firms close to the ruling Congress party. At least one firm had figures previously in a similar case of dubious import-export business.

In a joint statement Mr Jay Dubashi and BJP spokesman Krishan Lal Sharma, MP [member of Parliament] said there was no end to scams under the Narasimha Rao Government. Two years ago it was the stock and banking scam in which over Rs 5,000 crore were spirited away under the nose of a slumbering Finance Minister by a gaggle of Congress politicians, bureaucrats and businessmen close to the ruling party.

And now there was another scam this time in the Commerce Ministry from whom exporters and businessmen claiming to be exporters secured licences for exports and robbed the government of over Rs 1,800 crore by manipulating an export incentive scheme called VABAL.

The joint statement of the BJP leaders termed the above figure as only the tip of the iceberg as the actual loss must be much more—so large that it was unlikely to have taken place without the collusion of insiders in the ministry, just as the stock and banking scandal was the handiwork of people who had an access to the highest

levels in the Finance Ministry and the Reserve Bank of India. The modus operandi of the exports "under the VABAL scheme is that an exporter files a declaration for exports or fictitious exports, obviously in collusion with authorities which can be as much as 20 to 30 times his actual exports. The foreign exchange he "earns" was nothing but his own money sent out of India through "Hawala" transactions. These bogus "exports" promptly go into the books of the Commerce Ministry as legitimate exports, though they are nothing of the kind."

"In addition, the exporter gets import licences for raw materials on the basis of his bogus declaration, which can be as large as two-thirds of "exporters." He does not pay customs and other duties on them. Thus he launders black money into white, cheats on taxes and helps the Commerce Ministry to cook up its books and claim that exports are booming said the joint statement.

They said some of the first which have received such licences are close to the ruling party. At least one firm has figured previously in a similar case of dubious import-export business, the BJP leaders alleged in their statement maintaining that if exporters can claim bogus exports under VABAL scheme they can also do so outside VABAL, which meant that a large proportion of the so-called exports must be fictitious.

The joint statement wanted the Commerce and the Finance Ministries to come clean on the VABAL scam and tell the BJP what steps if any they have taken so far to plug the loopholes and to book the culprits.

Developments in Communist Parties Reported

Merger Moves Noted

94AS0200A Madras *INDIAN EXPRESS* in English
30 Jan 94 p 1

[Text] New Delhi—Efforts towards Communist unity have begun again after three decades of separation between CPI [Communist Party of India] and CPI(M) [Communist Party of India-Marxist]. Both parties have set up co-ordination committees in most states as a first step to their merger. Merger as such is still not mentioned in so many words but that is what leaders of both parties have in mind as their ultimate aim.

The call for unity has been given this time round in an unusual way. So far unity calls were erratic and disjointed. Polemics now and then punctuated them and unity moves went two steps backward soon after going one step forward. In a significant departure from old grooves of hostility, general secretaries of both parties, Harkishan Singh Surjeet CPI(M) and Indrajit Gupta (CPI) have now shared one letter pad to send out a circular on unity. This is intended to inspire a sense of urgency among their comrades.

Their circular of December 11 asks party leaders in all states to form co-ordination committees to discuss "various issues confronting the body politic" and for

"strengthening the left." West Bengal, Kerala and Tripura have been left out on the ground that "left democratic consolidation has come into existence and is working alright." The circular points out central level co-ordination has been taking place for many years. States which have "difficulties" have been asked to seek central parties' help.

West Bengal, Kerala and Tripura are states where communist parties are strong. The process of merger can instantly throw up questions of share in leadership. Party sources admit that several people who hold big or small positions in their respective parties will have to be ready for sacrifice when merger takes place. That can at once unsettle matters rather than solve them.

Other minuscule left parties, RSP [Revolutionary Socialist Party] and Forward Bloc, also may be affected. Communist leaders feel that those partners of the left democratic front can be irked if a CPI-CPI(M) club is constituted within that front. If bilateral relations between the two communist parties are emphasised even while harping on the left democratic theme, left unity may suffer, communist leaders say. Which is why they have decided to make haste slowly in those states.

Tamil Nadu and Maharashtra set up co-ordination committees soon after the decision on unity taken at the last three-yearly conclaves of both parties was communicated to state units there. But that is not where unity has to be forged. CPI leader A.B. Bardhan says that unity as a prelude to merger can be possible and meaningful only when it is achieved in areas where either party has a significant base. But his own partymen are dragging their feet in Bihar, Punjab and Uttar Pradesh where they are a shade stronger than their "big brother." If CPI is not keen to have unity where it feels it is better off, why should CPI(M) be magnanimous in its strongholds?

The present unity move has come soon after the assembly elections in December. The poll outcome was not exactly pleasant to communist leaders, notwithstanding the debacle of their bete noire, BJP. Their ally, National Front, had come a cropper. Not only have they to find a new, viable ally but reunite themselves in a stroke of left consolidation.

The old hostilities and imagined ideological differences, they feel, can be left happily behind. The irony is that the unity move has come when dissensions are rife, particularly in CPI(M) in areas where it is strong. And, leaders of both parties have found a new cause for quarrel. CPI(M) has not a whit liked CPI's soft corner for expelled K.R. Gowri. Its anger is all over a single CPI remark: "Gowri's expulsion was unfortunate."

Troubles in CPI-M

94AS0200B Calcutta *THE STATESMAN* in English
2 Feb 94 p 6

[Article by Mihir Mukherjee: "CPI(M) (Communist Party of India-Marxist) in Troubled Waters Over Corruption, Ideology"]

[Text] More than two years after the CPI(M)'s [Communist Party of India-Marxist] Party Congress decided in Madras to redraft the party programme—and set up a committee for this purpose—no progress has been made in this regard.

There has been no amendment to the party programme, despite significant changes in the political situation both within the country and abroad. The redrafting committee, which includes Mr Jyoti Basu and Mr Anil Biswas, editor of GANASAKTI, as representatives from West Bengal, met last month in New Delhi but is reportedly yet to come out with any concrete proposals.

In fact, senior leaders say that the CPI(M) finds itself in a dilemma over the policy that it should follow. Sources say that the 1964 party programme, which borrowed heavily from the Chinese line of the Progressive Democratic Front, now seems anachronistic considering the momentous changes in Beijing which, of late, has been cosying up to the International Monetary Fund.

This ideological crisis has been deepened by the breakup of the Soviet Union and the current political instability in Russia.

However, the State CPI(M) has apparently little time to deliberate on these theoretical issues as its leaders are reportedly busy suppressing internecine conflicts and charges of corruption against party leaders.

Veteran leaders say that the conflicts within the party can be gauged by the demand for State plenums. Such demands have been raised in Kerala and Tripura, two strongholds of the party. Some time ago, such a demand was raised in West Bengal by the former State Education Minister, Mr Partha Dey.

Dissident leaders in the State CPI(M) say that corruption has been pushed to the top of the party's agenda in the State. They allege that it has become so rampant and widespread that even the Chief Minister, Mr Jyoti Basu, who earlier preferred to gloss over the complaints has reportedly expressed serious concern.

Sources said that Mr Basu was informed by the Centre of the involvement of local CPI(M) leaders in the alleged pilferage of Metro Railway property from Noapara stockyard and Railway property from Kancharapara. Responding to this, Mr Basu reportedly asked his party secretary, Mr Sailen Dasgupta, to probe the matter.

However, sources say that the party hierarchy now finds the situation beyond its control. Mr Dasgupta reportedly called a meeting of the local committee of the party at Baranagor to look into the complaints of Metro Railway contractors. However, sources said that he could not attend the meeting owing to stiff resistance from a section of the party.

Dissidents allege that in North and South 24-Parganas, the party is virtually split between haves and have nots—"those who can make money and those who cannot."

The CPI(M) leadership is allegedly unable to take drastic action as corruption has reportedly spread its network far and wide. Disgruntled CPI(M) leaders allege that in South 24-Parganas a bitter confrontation is being witnessed over several *bheris* where a strong lobby—headed by a State Minister and close associates of the party leadership—calls the shots.

Many in the rank and file of the party complain that the party leadership does not take action against the people at the top but take disciplinary measures against those at the bottom of the hierarchy. This has been indicated, they allege, by the relatively light punishment meted out to the Calcutta district committee members, who were allegedly close to the satta don, Rashid Khan.

Members of the inner circle of the party say that in the context of the crisis looming over the party, Mr Basu is now looking for a relatively easy way out. Sources say that, therefore, an early election cannot be ruled out.

Tamil Nadu Parties Condemn Sugar Price Hike 94AS0197K Madras *INDIAN EXPRESS* in English 30 Jan 94 p 5

[Text] Madras—The Centre's tactics in announcing a pre-budget increase in the price of levy sugar distributed through the Public Distribution System (PDS), from Rs. 8.30[rupees] to Rs. 9.05 per kg, have been condemned by the political parties in Tamil Nadu.

Describing the hike as "anti-people and anti-democratic," CPM [Communist Party of India-Marxist] state secretary A. Nallasivan, MP, said on Friday that by increasing the prices of essential commodities before the budget presentation, the Centre was trying to create the illusion that there were no new taxes in the budget. At the same time, the hike in the average ex-factory levy sugar price from Rs. 670.99 to Rs. 734.08 a quintal, had helped the sugar mill owners to attain huge profits.

The proposed price hike would severely affect the people, he said, and asked the Centre to drop the move.

CPI [Communist Party of India] state secretary R. Nallakannu said the price increase was "unnecessary and not proper."

State Janata Dal general secretary K. Jagaveerapandian said the government had once again adopted the strategy of hiking the prices of essential commodities before the budget. Moreover, in the last one year, the Centre had thrice decreased the quantity of sugar allocated for distribution through the PDS and thereby caused an artificial demand for sugar in the open market. Besides this, the Centre's decision had helped businessmen to sell sugar at exorbitant prices. "This is a cheap way of duping the public," he added.

UCPI [United Communist Party of India] state president N. Nanjappan and secretary K. Manickkam, in a joint statement, said the decision to increase the sugar price from Feb. 1 would greatly affect the common man.

Moreover, it would pave the way for increase of sugar prices in the open market. "There is a wide gap between the Centre's assurances and the reality."

Referring to the increase in the prices of domestic LPG [liquidised petroleum gas] cylinders and rice, the leaders urged the Centre to take immediate steps to reduce the prices of essential commodities.

T. Kumaresan, president, All India Farmers Democratic Party, said the hike was "unjustified," and would hit the weaker sections hard.

Government Management of Economy Scored

94AS0197A Calcutta THE TELEGRAPH in English
2 Feb 94 p 9

[Article by Gaganendranath Baral: "World Wary About Salesman's Wares"]

[Text] The prime minister, Mr P.V. Narasimha Rao, is in Davos, Switzerland, to find takers for his economic reforms package. In an increasingly competitive market for international capital, restructuring an economy by itself is not enough. It has to be marketed and sold. Davos' World Economic Reform provides an excellent advertising platform to draw the West's attention to the changed Indian economy.

India being a latecomer to the restructuring game, Mr Rao faces an uphill task in selling his government's reforms. Countries which started reforming earlier or have taken their restructuring further are already capturing significant chunks of global capital. Mr Rao will need to make a pretty strong sales pitch to convince international investors India also offers high and safe returns on their investments. But no amount of hard sell can push an inferior product.

So what is Mr Rao pushing? The government has been highlighting its success on three fronts—reducing the fiscal and current account deficits and containing inflation. The fiscal deficit has been brought down from 8.4 per cent of the gross domestic product [GDP] in 1990-91 to 5.7 per cent in 1992-93. The current account deficit is currently \$2.6 billion, down from \$7.7 billion in 1990-91. Inflation has been brought down from 12 per cent in 1990 to around 8 per cent now.

Yet government profligacy, despite claims to the contrary, has not been reined in. The 1993-94 fiscal deficit displays all indications of settling at around 6.5 per cent of the projected GDP. With industrial output stagnating in the first half of the year, GDP growth projections of 5 per cent now seem optimistic. The deficit ratio could be considerably higher.

This year's fiscal mismanagement has been touted as a politically induced aberration. There are some aspects of India's fiscal correction for which official explanations are not so readily forthcoming. The revenue deficit is now about half the fiscal deficit and growing. Fiscal

correction has largely been at the cost of capital formation. Capital expenditure has declined from 6 per cent of the GDP in 1990-91 to 4.3 per cent in 1992-93. The government is now offering only 17 cent [as printed] budgetary support for infrastructure projects.

The trade deficit contraction has come out of a reduction in imports rather than significant export growth. Imports have been controlled more by domestic demand recession than by any policy change. Since 1991 import tariffs have been reduced. But the average tariff cut has been less than the devaluation of the rupee, thus giving imports an advantage. The government is usurping credit for the largely exogenous growth of exports in the latter part of 1993-94 although it has not achieved much by the way of controlling inflation.

The spectacular decline in the current account deficit this year is largely due to an exogenous jump in foreign portfolio funds flowing into India. This inflow has more to do with the state of recently opened Indian stock markets than with macro-economic indices.

Inflation in India is driven mainly by agricultural production, the fiscal deficit and monetary expansion. Net bank credit to the government is growing around 12 per cent over the past couple of years. Money supply growth is averaging over 15 per cent, way above target. Fortunately for the government, the monsoons have been generous for five years in a row. Inflationary pressures have been dampened largely by good harvests. Monetary and fiscal correction cannot claim credit for this.

But the major weakness in the government's reforms programme remains in the government's attitude towards the exercise. The emphasis has been on making them look good on paper.

There is no economic logic in the government's including divestment receipts in its revenue account. There are of course International Monetary Fund loans whose disbursements depend on the size of the deficit. What is surprising is the IMF has accepted the government's accounting procedure which incorporated divestment receipts to compress the fiscal deficit by 0.5 per cent of the GDP over the past two years.

Similarly, the government's definition of the primary deficit subtracts gross rather than net interest payments from the fiscal deficit. This does not make sense either but helps present a better picture. The Reserve Bank of India, too, has not sterilised burgeoning foreign exchange reserves, disregarding its effect on the price line. Here again the emphasis has been on advertising short term achievement at the cost of future export efficiency.

In fact most of the restructuring so far has been done with an eye on revenue generation. The government is yet to address the really important issues, the high capital-output ratio and labour market reforms.

That India remains a high cost economy is not seriously debated. And the government roll back in capital expenditure is not helping matters. Liberalisation is not *laissez faire*. If the idea is for India to evolve into market socialism, the government cannot overlook its role in infrastructural development.

As long as infrastructure remains the bottleneck, hopes of reducing the capital-output ratio could remain just hopes. More alarmingly, there is a complementary nature between private investment and infrastructure that the government can afford to ignore at its own risk. Mr Rao would benefit from a closer scrutiny of the Chinese experience where a minimum social overhead capital was generated before foreign capital was invited in.

Apart from infrastructure, the other major area where the government has a major role to play in market socialism is in social spending. But expenditure on health and education have been declining in real terms since reforms began. The government has not been able to resist cutting expenditure on these accounts to keep its books in better shape.

Labour market reform has been on the cards since 1991. It is still on the cards. The government has been on the verge of taking tough decisions for the past one year. But somehow they never seem to materialise. The attitude most discernable here has been wait long enough and the problems will go away. The idea is not replace retiring employees. Then by 2000, there will be no overstaffing. The question is whether India can wait so long.

Mr Rao has hidden behind politics to explain its lack of enthusiasm on reforming the labour market. The government's lack of majority, we have been told, has held it back.

Mr Rao has managed to cobble an absolute majority in Parliament in his three years in power. Yet an exit policy is as distant as it was when he assumed office. The present government has a year and a half to go. Two Southern states go to the polls later this year. With them, the runup to next year's general elections begins. It is difficult to envisage the government taking on the unions at this juncture.

Unless the government begins to take stock of the runaway revenue deficit and monetary expansion, infrastructural and human resource constraints and labour market reforms, the actual investment climate will continue to remain inclement.

Taking hard decision is sadly not Mr Rao's forte. But if he is to raise international confidence in the Indian economy, hard decisions are what he will have to take. Posturing at international fora is one thing, backing up claims is another.

Stock Market Boom Not Backed by Strong Economy

94AS0197B Calcutta THE TELEGRAPH in English
2 Feb 94 p 9

[Article by Arun K. Varma]

[Text] The second coming of boomlike conditions on major bourses is structurally different from the heady pre-securities scandal days.

One significant difference is the low level of participation by the common investor in the ongoing bull phase. Unlike during the Harshad Mehta heydays, the common investor stands dazed by the upswing in stockmarket indices while he finds himself cash strapped.

During the pre-scandal period when the stockmarket was reaching dizzy heights, the favourite topic among office employees and even among housewives at kitty parties was how to reap the highest returns in the shortest timespan. This time, though the upward trend in markets and the scope for making fast bucks is being spoken about, a certain weariness and confusion can be detected.

Justifiably so. Because when the bull operators led by Mr Mehta raided the stockmarkets, they were also pulling a substantial section of the middle class into the whirlpool of stockmarket operations. After the bust, thousands lost their money saved for their children's marriages or careers and post-retirement benefits.

Mr T.J. Jacob, a deputy commandant with the Special Protection Group, says, "I preferred buying shares to building a house. And I lost heavily." This is just one example.

After 18 months of lull, mainly because of the uncertainty that loomed over stockmarket operations, the market began to show signs of recovery in late October last year. It is interesting that even though foreign institutional investors were allowed entry into the stockmarket as early as in the first half of 1992, all of them preferred to watch the developments.

A group manager in the merchant banking division of ANZ Grindlays Bank said that the ongoing boom has its roots elsewhere. "A reason for the non-involvement of the common investor is Securities and Exchange Board of India attempts to institutionalise the stockmarket investment, as practised in the developed countries," he said.

Prescribing the minimum limits for investors—Rs 5,000 [rupees] for equity and Rs 1,000 for mutual funds and other fixed deposits—is proof of this. It insulates small and medium investors against the volatility of stockmarket behaviour.

It would also lead to a more realistic individual income. As per the new rules, a person applying for allotment of equities is required to furnish his permanent bank

account number which can be traced by the income tax department if necessary. More transparency would be brought into financial transactions.

This however would bar very small investors from entering the market. The only players in the stockmarket would be individuals with high liquidity or financial institutions.

This situation brings the focus on financial institutions, both Indian and foreign, as potential stockmarket players. Considering the excess liquidity with banks, poor industrial performance and not so encouraging credit offtake, domestic financial institutions are unlikely to lead the bull rampage.

Consider this case. Industrial performance in 1991-92 registered a negative growth of 0.1 per cent. In the following year though positive it was only 1.8 per cent. During the half year period of this fiscal year, the growth was only 1.5 per cent as against the projected 4 per cent. Mining and manufacturing sectors are performing poorly this year.

Inflation, another vital parameter during this period, rose to disheartening figures. From an alarming 13 per cent in 1991-92, it slid to 11 per cent in 1992-93 and is hovering around 8.4 per cent. Capital intensive and infrastructural industries have not yet picked up.

On the other hand, FIIs [foreign institutional investors] which do not have to consider any obligations have the entire stockmarket for a free run. That is what is happening. FIIs waited a full year though they were registered in 1992. This delay was necessitated by the need to gauge the prospects and profitability of the Indian stocks. Moreover, by this time, Indian corporates themselves had established their creditability overseas. The oversubscription of global depository receipts and Euro bonds by a host of Indian companies is proof.

At a time the authenticity of the commitment to economic liberalisation has been proved and Indian stocks are lying low, the FIIs decide to enter the market. This then is boom time. For foreign fund managers who operate on global dimensions, Indian stocks seem the cheapest and the best.

It is also remarkable the recovery of Indian stocks began when other Asian markets were down. Hong Kong, Kuala Lumpur, Bangkok and Seoul are at present undergoing a lull. In this situation it is only logical for foreign funds to find their way to Indian stockmarkets.

The gain of the national stock index shows that FIIs are more into cash scrips than forward trading. NSE [National Stock Exchange] gains have outstripped the rise in the Sensex, the index for the Bombay Stock Index. Sensex has a narrower base than the NSE, and forward deals influence its movements more than they do in the case of the NSE.

These factors indicate the involvement of the common investor in the present boom is likely to be minimal.

There is danger in the FII funds generated boom. When the FIIs decide to book profits, stock markets may be forced to make a crash landing. Then, the fact the boom is not backed up by strong economic fundamentals will become clear, and alarmingly so.

Ordinance Amends Banking Regulation Act

94AS0197F Bombay THE TIMES OF INDIA
in English 2 Feb 94 p 19

[Text] New Delhi, February 1—Significant changes have been made in the Banking Regulation Act, 1949, to pave the way for banking sector reforms and establishment of private sector banks. The amendments to the Act were made through an ordinance promulgated on Monday.

The ceiling on voting rights of a shareholder in a banking company has been raised from the present 1 per cent to 10 per cent. This will allow promoters of private sector banks to exercise voting rights up to 10 per cent.

The Act has been amended to allow splitting of the post of chairman and managing director. The ordinance provides for a part-time non-executive chairman. The existing provisions stipulate that a bank is to be headed by a chairman-cum-managing director.

Section 16 of the Act has been amended to stipulate that no banking company incorporated in India shall have as a director on its board any person who is a director of any other banking company. The amended section also provides that no banking company shall have on its board more than three directors who are directors of companies which among themselves are entitled to exercise voting rights in excess of 20 per cent of the total voting rights.

The penalties provided for contravention of the provisions of the Act have also been revised upwards so that they have the necessary deterrent effect. For contraventions or defaults by persons, the penalty has been raised from Rs 2,000 [rupees] to a minimum of Rs 50,000, while for banking companies, the penalty has been increased from Rs 2,000 to a minimum of Rs 5 lakhs.

The promulgation of an ordinance to bring about the changes in the Act underlines the urgency the government attaches to the setting up of banks in the private sector. The Reserve Bank of India has cleared a number of proposals from the private sector to set up banks. They, however, could not start operation without the necessary changes in the Act. The demand to raise the ceiling on voting rights was made by promoters of private sector banks, including Mr S.P. Hinduja who is one of the promoters of the proposed Indusind Bank.

The provision to split the post of chairman and managing director will not only allow the private sector banks with the flexibility of choosing between the two managerial structures (a full-time chairman-cum-managing

director or a part-time chairman plus a managing director), but will also enable the government to bring about a change at the top management of the nationalised banks.

The finance ministry is reportedly keen on changing the top heavy structure of the banks to infuse a sense of team work in the emerging competitive environment. In the case of some of the nationalised banks, there is virtually no communication between the chairmen and managing directors and the executive directors. Feed-back from many executive directors indicates that the chief executives will often keep them underutilised or keep them away from important portfolios. The splitting of the post of chairman and managing director will bring about a system in which the chairman will be free to concentrate on business strategies and policy issues, whereas the operational aspects can be looked after by the managing director.

Finance Minister, Unions Meet on Reforms

94AS0197J Madras *THE HINDU* in English 30 Jan 94 p 1

[Text] New Delhi, Jan. 29—A five-hour long meeting today between the Union Finance Minister, Dr. Manmohan Singh, and leaders of trade unions, including those from the banking industry, failed to find a common ground to proceed with the financial sector reforms. Despite an assurance from the Minister that there would be no retrenchment, the unions stuck to their threat of a country-wide bank strike on February 17.

While the Minister invited the unions to "join the Government to write a new chapter in the history of the Indian banking system," the unions presented their own plan of action for revamping it. They opposed any privatisation and protested against the Government move to offload 49 per cent of bank equity to the public.

The unions alleged that the current sickness in the banking sector was the result of decision by authorities which had allowed "unconcealed political use of banks and their resources." They said three-fourths of the outstanding debts of the banking sector were directly attributable to the corporate sector. The Government, instead of taking corrective action, was now planning to hand over the banks to the same private sector.

Punishment demanded: The union leaders demanded that the default in repayment of bank loans be made a criminal offence and that the names of the defaulters be published. The official response was that ten tribunals would be set up shortly to recover bad debts.

On his part, Dr. Singh emphasised the need for banking reforms and sought the cooperation of the unions in making the Indian banking system vibrant and efficient.

Referring to the apprehensions in the minds of workers about the closure of bank branches, he said inevitable and necessary changes had to be made, but the interest of

the workers would be protected. Some changes had to be made if India wanted to be a major player in the global economy.

Dr. Singh stressed that the reform process set in motion would create employment opportunities commensurate with the rising expectations of the people. He also said the Government wanted to have a standing mechanism for continuing the dialogue with the trade unions so that there could be pooling of knowledge and experience.

The Minister said while India had to evolve a banking structure suited to the needs of the economy, it could not ignore development in other countries either. While conditions prevailing in Europe and the United States were very different, India could study what countries in Asia were doing to modernise their banking systems.

Concessions opposed: According to trade union sources, during the discussion, the banking unions and central trade union leaders opposed to the granting of unrestricted concessions to foreign banks. The leaders made it clear that the country required an effective and depoliticised banking system, run on professional lines and not thoughtless implementation of the Narasimham Committee report.

While agreeing with the Minister on the need for restructuring the commercial banking sector, the unions cautioned against any hasty move and suggested that the reforms process be spread over a six or seven-year period. They also argued for the setting up of an independent audit and vigilance commission to look into the banking irregularities.

The union leaders suggested that the appointment of Chairmen and other top executives be made through a high-power banking service commission. They argued for setting up of an overseas banking corporation comprising all public sector banks abroad, besides pleading for stringent and effective inspections of banks to check irregularities and minimise corruption.

The meeting was attended by representatives of the National Front of Trade Unions, Indian National Trade Union Congress, All-India Trade Union Congress, National Labour Organisation, Bhartiya Mazdoor Sangh, United Trade Union Centre (LS), Centre for Indian Trade Unions, etc.

The bank unions included the National Organisation of Bank Officers, Indian Bank Employees Federation, the All-India Bank Officers Confederation, the All-India Bank Officers Association and the National Confederation of Bank Employees.

From the official side, the Finance Minister was assisted by the Finance Secretary, the Banking Secretary, the Insurance Secretary and the Reserve Bank Governor, Dr. C. Rangarajan.

Mineral Sector Opened to Foreign Investment*94AS0191D Madras THE HINDU in English 26 Jan 94 p 1*

[Text] New Delhi, Jan. 25—The President, Mr. S.D. Sharma, today issued an ordinance giving effect to the new mineral policy which opens up the non-energy mining sector to private enterprise, both domestic and foreign.

The ordinance amends the Mines and Minerals (regulation and development) Act, 1957, to achieve the objective.

The national mineral policy, announced in March last year, had dispensed with the reservation of all the 13 minerals for exclusive exploitation by the public sector and sought to invite foreign investment in the mining sector.

The minerals dereserved are iron ore, manganese, chrome, sulphur, gold, diamond, copper, lead, zinc, molybdenum, tungsten, nickel and platinum.—UNI

Private Sector Role in Mining Increased*94AS0197C Madras THE HINDU in English 3 Feb 94 p 18*

[Article by M. Vinayak: "Larger Role for Private Sector in Mining"]

[Text] The Centre's new mineral policy envisages a larger role for the private sector in areas hitherto reserved for the public sector. Among the minerals dereserved are: copper, zinc-lead ores, molybdenum, gypsum, tungsten and others, but coal, lignite and atomic minerals are still retained in the list for the public sector.

The new policy favours induction of foreign technology and participation in mineral exploration and mining for high-value and scarce minerals. Foreign equity investment in joint ventures in mining, promoted by Indian companies, will be encouraged. While foreign investment in equity will normally be limited to 50 per cent, this limitation will not apply to captive mines of any mineral processing industry. Enhanced equity holding can also be considered on a case-to-case basis, says the official statement.

In respect of joint venture mining projects for minerals and metals in which the country is deficient or does not have an exportable surplus, a stipulated share of production will have to be made available to meet the needs of the domestic market before exports from such projects are allowed.

The country has vast mineral resources, but mining small deposits scattered all over the country poses problems for big public sector ventures. The private sector can tap this market with modest investments and short lead times.

Mining, being labour-intensive, can open up job opportunities in backward areas. Efforts will be made to

promote small scale mining in a scientific and efficient manner while safeguarding vital environmental and ecological imperatives, says the official statement.

The management of mineral resources has, therefore, to be closely integrated with the overall strategy of development; and exploitation of minerals is to be guided by long-term national goals and perspectives. It is against this backdrop, the Government has felt the need to spell out the features of its new policy, the statement said. But the delay in the amendment of the Mines and Minerals (Regulation and Development) Act 1957 has created some confusion in the field.

Admittedly, the country is not endowed with rich resources of high grade ores in strategic areas except bauxite and iron ore. This underlines the need for adopting scientific mining, together with beneficiation processes for economic utilisation of the available mineral resources. Mineral economists however agree that progress in this direction over the the past three decades has been rather tardy except in some sectors.

Focus on future needs

At the same time, the Government has to keep in view the future needs of defence and development and try to ensure indigenous availability of basic and strategic minerals to avoid disruption of supplies during emergency.

The national mineral policy has also focussed on aspects like sea-bed mining, development of proper inventory, linkage between exploitation of minerals and development of mineral industry, conservation of forest resources and protection of environment.

The Centre will consult the States before formulating legal measures for the regulation of mines and the development of mineral resources to ensure basic uniformity in mineral administration and development of the industry in tune with the national policy aims. The new policy aims at exploring mineral wealth in the land and in the off-shore areas; developing mineral resources taking into account the national and strategic considerations and ensuring their adequate supply and best use keeping in view the present needs and future requirements; and promoting necessary linkages for smooth and uninterrupted development of the mineral industry to meet domestic needs.

In the development of the mineral industry the role of the Government, both Central and States, has been spelt out in the 1957 Act. This Act has been amended through an ordinance issued recently to accommodate the reforms envisaged by the Centre in this field. It is time the Government updates the national mineral inventory before it opens up this sector to the private sector, both domestic and foreign.

The Geological Survey of India (GSI) will be the principal outfit for geological mapping and regional mineral resources assessment including in its exclusive economic zone. It will continue to be responsible to draw up action-oriented plans in association with other agencies.

Proved and Total Reserves of Five Major Ores and Minerals
(in million tonnes)

	Proved	Total Reserves
Bauxite	1,487	5,863
Iron ore	10,384	21,799
Iron ore magnesite	4,506	13,732
Manganese ore	93	548
Chrome ore	62	270
Copper ore	216	

Special attention will be given to the development of strategic minerals through systematic investigation of various potential sources of supply. Further, the focus will be on the survey and exploration of minerals in which the country has a poor or just adequate resource base.

Ecological problems

Environmental problems associated with mining activity, particularly open cast mining, land subsidence in underground mining, deforestation and atmospheric pollution call for appropriate strategy for mitigation of their adverse effects on the eco-system. The new policy says that mining operations shall not ordinarily be taken up in identified ecologically fragile and biologically rich areas. Strip mining in forest areas should be avoided in accordance with prescribed norms and established forestry practices shall form an integral part of mine development strategy.

The research and development (R&D) activities will focus on the entire gamut of activities from geological survey, exploration, mining, beneficiation and extraction of minerals to development of materials. The new policy seeks to promote development of new technologies for conversion of existing mineral resources into viable economic resources. Appropriate technologies shall be developed to enable indigenous industries to utilise the available resources and as substitutes for minerals whose reserves are poor.

The R&D efforts shall be directed to find new and alternative uses for minerals whose traditional demand is on the wane, says the statement. Indigenous technology has to be upgraded through R & D and adoption of technological innovations from abroad. Research in mining methods shall also receive priority attention.

The liberalisation of imports and reduction of customs duty on finished metals like copper, zinc and aluminium, has hit companies like Hindustan [HCL] Copper, Hindustan Zinc [HZL] and National Aluminium.

While the Government has dereserved 15 minerals, ilmenite, siliminate and mica have been kept out of this list. Bauxite also does not appear in the deleted list although India ranks fifth among bauxite rich countries in the world.

According to Mr. I.G. Jhingran, Secretary to Union Ministry of Mines, liberalisation of the mining policy will help indigenous companies to foster closer ties with mineral-rich Third World countries for joint exploration and development of ore resources.

Hindustan Copper could explore the possibility of joining hands with Zambia which has rich copper ore deposits for exploration and tie up imports of the richer grade ores for blending with its low grade material. It has acquired considerable expertise in mining and smelting operations. Similarly, HZL also could go global with its expertise skills to find partners abroad to develop the mineral deposits in Third World countries. HCL is now free to even enter the metal trade. For expanding its Khetri copper smelter capacity from 35,000 tonnes to one lakh tonnes a year, it could source ore imports from Zambia to make its products competitive in the market.

These public sector companies are moving from an era of protection to a competitive market and they should tap all avenues to make their operations economically viable. HZL is exploring the scope for setting up a joint venture in Vietnam for developing a gold ore deposit in collaboration with BRGM [Geological and Mineral Research] of France.

Mr. A.C. Wadhawan, Chairman, HZL, says some Australian companies have evinced interest in exploration activities for base metal ores, including gold, in India. The finds in Karnataka and other southern States are promising for further evaluation and assessment. These projects for transition need long gestation period.

If, meanwhile, LME zinc prices continue to drop, HZL may find itself in an unenviable position as the Government is unlikely to give it any budgetary support to weather the storm. The Mineral Exploration Corporation Ltd., with special skills in exploration activities, is facing a bleak future as it may run out of business if foreign mining companies enter the field. It will have to seek foreign collaboration for survival and technology upgradation.

Its capacity utilisation has dropped in 1992-93 as the public sector mining companies are starved of funds. Even the GSI is now being asked to gear up to become market-oriented and try to earn its keep, at least partly. It now remains to be seen how the mining reforms will help the development of this core industry and whether it will lure foreign investment for the industry's rapid development.

Joint Ventures With Foreign Companies Urged

94AS0197M Bangalore DECCAN HERALD in English
30 Jan 94 p 13

[Text] New Delhi, Jan. 29 (PTI)—The Department of Fertilisers will undertake a unit-wise review of all public sector undertakings producing di-ammonium phosphate (DAP) and complexes to ensure efficiency is improved and production costs are cut.

The Minister of State for Chemicals and Fertilisers, Mr Eduardo Faleiro, told a meeting of his Ministry's parliamentary consultative committee today that the Government would encourage Indian companies to set up joint ventures in countries which had huge gas reserves to fill the gap between demand and production of nitrogen, equivalent to 41.4 lakh tonnes of urea, at the end of the Eighth Plan.

Efforts were already on to have tie-ups in Oman, Qatar and Iran, he added.

Mr. Faleiro said if proper balance in the use of plant nutrients was not ensured it would have long-term adverse effects on soil fertility unless efforts were made to arrest the trend.

This trend, he said, was primarily because of imbalance in the relative prices of urea and DAP, MoP [muriate of potash] and complexes.

Mr. Faleiro said the ratio in the use of nitrogen, phosphate and potash had been adversely affected during the last two cropping seasons.

This trend, he said, could not be arrested despite the Government's concessions in the form of enhanced support prices of foodgrains to compensate for the extra expenditure incurred on phosphatic and potassic fertilisers, special concession of 1,000 per tonne on the sale of indigenous DAP and proportionate concession on complex fertilisers and SSP [single super phosphate].

The Minister said the Indian fertiliser industry was extremely efficient and comparable to international standards. It could produce additional quantities of urea at prices lower than those of imported ones provided additional quantities of gas were available.

KRIBHCO alone could add two lakh tonnes to the annual production if it was provided with 0.5 mms cmd of gas. At present, 70 per cent of the Indian production in urea was internationally competitive.

Mr Faleiro stressed the need to activate extension services and educate farmers about the benefits of balanced use of fertilisers so that they would desist from injudicious use of any one nutrient.

The farmers would also be educated on the cost-effectiveness of manures and other organic fertilisers which could successfully supplement the chemical fertilisers.

Changes in Companies Act Announced

94AS0197G Bombay THE TIMES OF INDIA
in English 3 Feb 94 p 17

[Text] New Delhi, February 2 (PTI)—The government today announced significant changes to the Companies Act ensuring greater freedom to companies in managerial appointments and remuneration.

Under the changes to schedule XIII of the Act, which comes into effect from February 1, a company with adequate net profits will now have full freedom to work out a suitable remuneration package for its managerial personnel within the limit of 5 per cent of its net profits if it has one, and 10 per cent of its net profits, if it has more than one managerial person, according to an official announcement here.

In the event of absence or inadequacy of net profits in any financial year (where managerial remuneration exceeds 5 per cent or 10 per cent of net profits), managerial remuneration will have to be limited to amounts (varying from Rs 40,000 [rupees] a month to Rs 87,000 depending on the effective capital of the company) specified in section II of part II of the schedule.

The fresh changes will make it easier for companies to attract the best available managerial talents on better terms and conditions.

In July, 1993, the government had effected sweeping changes in the Companies Act raising salary and prerequisite limits from Rs 1.80 lakhs and Rs 1.35 lakhs per annum, respectively, to Rs 6 lakhs and Rs 4.50 lakhs per annum.

It had also withdrawn the ceiling on commission on net profits. Mandatory 10 per cent reduction in salary in the event of absence or inadequacy of profits was stopped and loss-making companies were delegated powers to appoint managerial personnel without Central government's approval on a par with profit-making companies.

Under the new changes, remuneration under section II of part II of the Act may be paid as "minimum remuneration" without the approval of the Central government.

The official release said loss-making companies or companies with inadequate net profits have the freedom to work out suitable remuneration packages for their managerial personnel within the limits specified in the stipulated section.

Approval of the Central government will now be required by companies in regard to managerial remuneration only if the remuneration is in excess of the limits (related to the effective capital of the company) specified in section II of part II of the schedule.

The condition that a sick company should seek government clearance for appointment of managerial personnel has been withdrawn, according to the announcement.

It says approval of the Centre is no longer required for a managing director or manager of a company to become managing director or manager of another company provided he opts to draw remuneration from only one of the two companies.

Even in regard to such managerial personnel who are already in position on the date of the amendment in the schedule, companies may themselves raise their remuneration, from a date not earlier than February 1, 1994, without the approval of the Central government.

This may be done even where the earlier appointment/remuneration had been approved by the Centre in accordance with the provisions of schedule XIII save and except in those cases where the Centre had given conditional approval in such cases.

Reportage on Airline Disinvestment Ordinance

Ordinance Issued

94AS0202A Madras *THE HINDU* in English 30 Jan 94 p 1

[Text] New Delhi, Jan. 29—The President, Dr. Shankar Dayal Sharma, tonight promulgated an Ordinance turning Indian Airlines and Air India into two public limited companies, ending state monopoly in the aviation sector.

With the repeal of the Air Corporation Act, 1953, the monopoly of Indian Airlines and Air India to operate scheduled flights has been ended. Simultaneously, the operations of private air taxis have been given the sanction of law.

The Air Transport (Transfer and Repeal of Undertakings) Ordinance comes in place of a Bill with a similar title, which had been introduced in Parliament some 18 months ago. The ordinance was enacted owing to lack of time available to Parliament to pass the Bill.

During the last session of Parliament, the Bill was listed for enactment, but again other commitments prevented its passage. Given the fact that the coming Budget Session, too, will be hectic, the Government, instead, chose to issue an ordinance.

In 1990, the then V.P. Singh Government had allowed the operations of private air taxis in the country, but legal sanction eluded these "unscheduled airlines."

In fact, there has been a general clamour from private air taxis operators that the Air Corporation Act, which give only Indian Airlines and Air India the right to operate scheduled air services, be repealed.

With the promulgation of the ordinance, Indian Airlines and Air India, have been placed at par with private airlines as far as domestic operations go, though only these two companies can fly to destinations abroad.

According to government sources, this is one of the first major steps taken to denationalise the public sector. Though there have been demands from the private industry to de-monopolise the aviation industry, the employees of these air corporations have been against such a move.

With the repeal of the act, the age of "open skies" has dawned in the country. Private air lines, finally, have been conferred legal status.

PTI reports from Bombay:

A spokesman of the Indian Commercial Pilots Association said the measure was not going to be healthy.

The Air Corporation Employees Union Regional Secretary, Mr R. Ramanathan, said "our campaign and struggle will further intensify."

Reaction Noted

94AS0202B Bombay *THE TIMES OF INDIA* in English 31 Jan 94 p 7

[Article by Srinivas Laxman: "Guarded Optimism Greets Ordinance"]

[Text] Bombay, January 30—The repeal of the Air Corporations Act, 1963, is being viewed with guarded optimism because aviation executives fear that it could be merely a cosmetic change.

Certainly, there has been a demand among top echelons of the nation's aviation industry that the Air Corporations Act be scrapped as it had ceased to have any relevance.

But, the question being asked today is will its removal mean that Indian civil aviation will really begin to take to the skies?

According to them, for the industry to take off in a big way the outlook of the large militant aviation work force has to undergo a big change. Otherwise, scrapping of the Act will simply have no meaning at all.

Though Air-India and Indian Airlines executives described Saturday night's Presidential promulgation as a new chapter in the history of Indian civil aviation, the unions predictably have opposed it.

"We are opposing it," was the response of the general secretary of the Air Corporations Employees Union (ACEU), Mr R. Ramanathan.

Mr Ramanathan said that when the matter was before Parliament there was absolutely no need for the Presidential proclamation.

He also said that there was a public interest litigation before the Calcutta high court challenging the validity of the licenses given to air taxi operators. The matter before the Calcutta high court would now have no meaning on account of the Presidential Ordinance, he regretted.

While most of the aviation unions have been against the Act being scrapped for fear that their jobs would be at stake, only the Indian Pilots' Guild (IPG), the representative body of Air-India pilots, has adopted a broad-minded view on this controversial issue.

Said the IPG president, Captain V.M. Mayadev: "With the economic scenario in the country undergoing a change, I feel reforms have to be accepted."

It may be recalled that it was only this organisation—the IPG—which stated with some amount of reservations of course, that it would not oppose changes when its members deposed before the Mahajan Commission in New Delhi last year.

The Act's repeal undoubtedly marks a major setback for the unions who have all along tried to retain it. They organised strikes, lunch-hour demonstrations and walk-outs, all of which proved futile.

To convince them that under the liberalised economic scenario, the Act had no place proved a herculean task. Now the unions have lost their battle.

It is felt that they should gracefully accept defeat and tell their members the need to accept reforms in their own interest. The message is that from now on they have to think big and not be bogged down by narrow personal interests. Otherwise the Act's repeal will have no meaning.

The unions have really nothing to fear because when the process of disinvestment begins they too would be given a share. Which means that they too would have a say in the functioning of both airlines and thus their interests would be fully protected.

Right now, the two new companies Air-India Limited and Indian Airlines Limited—whose offices are registered in New Delhi will be cent per cent government-owned. [sentence as printed] Functionally, therefore, one cannot expect any significant changes at the moment. For the changes to start, the process of disinvestment would have to be initiated in the next few months.

As a prelude to the Presidential ordinance, the Air-India and Indian Airlines boards were reconstituted a fortnight ago. Some of the new A-I board members are, apart from the chairman and managing director, Mr Yogesh Deveshwar, Mr P.K. Banerjee, Mr Brijesh Kumar, Mr Vijay Madan and Mr R. Krishnamurthy.

Speaking to TOINS this morning, Mr Deveshwar said that he was happy that the Act had been repealed and he "looked forward to a new era in civil aviation."

"I would welcome this change," said Mr M.R. Pai, who has been championing the cause of air passengers. But, he added that it should have been done through an Act passed through Parliament rather than a Presidential Ordinance.

"At the moment the scenario in Indian Airlines was such that it was run 50 per cent by politics, 25 per cent by bureaucracy, there was 15 per cent staff militancy and only 10 per cent professionalism," Mr Pai regretted.

The repeal of the Act has at last legitimised the operations of the air taxi operators.

From last night following the promulgation of the ordinance, they ceased to be "air taxi operators," but full-fledged "airlines." Among the benefits they can now enjoy is that they would be able to publish their schedules. "We now enjoy a legal status and we are all very happy," said the managing director of East West Airlines, Mr T.A. Wahid.

With the operations of these new private airlines having a legal sanctity, the much-publicised "Open Skies" policy would have some significance from now on.

On the other hand there is understandable apprehension in some quarters whether the 'Open Skies' policy means a sellout of our skies to foreign multinational air carriers.

Aviation experts feel that while any form of liberalisation is welcome, the country's aviation industry should not be taken over by foreign airlines.

Doubts Over Motives

94AS0202C Calcutta *THE STATESMAN* in English
2 Feb 94 p 8

[Editorial: "Destination Nowhere"]

[Text] That the Air Corporation Act, 1953, setting up a monopoly in airline services within the country has been repealed is welcome in principle but doubts persist over the Government's motives. The creation of Indian Airlines Ltd and Air India Ltd has been hanging in the air since May 1992, when the appropriate Bill was introduced in Parliament, but not pursued. Now the deed is done by Ordinance, bypassing Parliament, an entirely avoidable and thoroughly objectionable procedure. The Government needs to be reminded that the Ordinance-making power is reserved for special circumstances and must be used with care. No reasons have been given but it is quite clear that the urgency is only to collect some big money, and quickly, to make up for the massive fiscal deficit the Government has run up this year. If a proper debate had been allowed in the passage of the Bill through Parliament, not only would adverse inferences not been drawn but it would have blundered the opposition to the Ordinance, now building up. It would also have helped the Government to make up its mind on how to go about the privatization and what to do with the proceeds. The Associated Chambers of Commerce and Industry wants the Government to set up a Ministry for Privatization to ensure a well-structured policy on selection, degree and time frame for the privatization plan. It is a mistake to assume that a proper plan can

only be made by a separate Ministry; a stronger objection is that a Ministry once created tends to be permanent and continues long after its need has passed. But the problem clearly has to be tackled. No homework has been done, details of the pricing policy are not known, and the mechanism for the sale of equity unclear. The last time round the disinvestment of public sector equity got mired in unsavoury allegations featuring the Allahabad Bank and a set of brokers. The entire business was severely criticized by the Public Accounts Committee. A strategy of openness would be advisable now, especially when the goings on in the financial sector are so murky.

Essentially, privatization should result in efficient management; it is not intended to be used to fund the continued profligacy of an unrepentant Government. The National Renewal Fund, which privatization was supposed to support, has gone awry, while workers have had to accept retrenchment or continue to remain in service without pay. There are another 47 public sector units under the Board for Industrial and Financial Reconstruction, which face a bleak future because nobody quite knows the gameplan. The only thing that is clear is that there is dash for cash before February 28. With vision so myopic, the repeal of this Act may not mean any meaningful change in the maharaja-style attitudes of the two airlines. Unless the nation is vigilant, the exercise may only provide the wherewithal to sustain the maharaja-style bureaucracy, while the airliners continue to land in pools of deep red ink.

Foreign News Agencies Eager To Enter Market

94AS0190J Madras *INDIAN EXPRESS* in English
30 Jan 94 p 19

[Text] New Delhi—The Germans are eager to start their news service DPA [Deutsche Presse-Agentur GmbH] from India and when Prime Minister P.V. Narasimha Rao visits Germany next month there will be considerable pressure for his support for this media project which will enhance German influence in India.

However, Information and Broadcasting Secretary Bhaskar Ghose said there was no move so far to review the landmark Cabinet decisions of 1955 and 1956 which forbids publication of foreign-owned newspapers and the operation of foreign news agencies in India. The Ministry, he said, had not forwarded any such proposal to the Cabinet.

The aim of the 1955 regulation is to protect the Indian newspaper industry from foreign competition.

The 1956 Cabinet noting on the wire services says no news agency can operate directly from India. Whatever stories they wish to distribute in India have to be through the Indian news agencies PTI and UNI after being whetted by them.

Foreign news agencies have been making several attempts to operate from India.

But in the wake of economic liberalisation certain sections of the government, including the Finance Ministry, are said to be eager to open up the media too.

In the last couple of years foreign newspapers and wire services have been desperate to get a toe-hold in India so that they have better and faster dispersal of their publications and services in the region.

Towards the end of 1992 international lending agencies like IMF, World Bank, and the Asian Development Bank put pressure on Manmohan Singh and the Reserve Bank to improve the financial information services and allow operation of financial news services like Knight Ridder and Telerad (both British). In violation of the 1956 regulation they were given permission. However, I&B ministry is believed to have opposed it. After this REUTER de-linked its financial news from PTI and has been coming out as a separate service from India for distribution to special clients.

At one stage the INTERNATIONAL HERALD TRIBUNE, with the support of the Hinduja, wanted to come out from India. Though the proposal was supported by Manmohan Singh, it did not go through.

But in the brief tenure of former Prime Minister Chandra Shekhar, a FINANCIAL TIMES of London and Modi's tieup was approved.

The approval was given by the Industry Ministry as an industrial venture without considering the relevant press laws or getting the Information and Broadcasting Ministry support. Subsequently the Modis backed out of the project and Aveek Sarkar of Ananda Bazar Patrika stepped in as the partner using the same approval.

TIME magazine too is eager to publish from India and Living Media Ltd, publishers of INDIA TODAY magazine, has applied for clearing of the project.

Antitank Missile Successfully Tested

94AS0197H Madras *THE HINDU* in English 1 Feb 94
p 1

[Text] New Delhi, Jan. 31—In yet another addition to India's missile capabilities, the Defence Research and Development Organisation (DRDO) has successfully carried out flight tests on the sophisticated anti-tank missile, Nag. Despite four tests in the last two days on the advanced projectile, the weapon may have to wait two years before it is inducted in the country's arsenal, the Defence Ministry indicated.

The tests follow the successful induction of the 150 to 250 km range, Surface to Surface Prithvi missile in the forces. India's efforts to develop a 2,000-km range IRBM, "Agni" is also expected to take a step forward. Postponed recently, a third test on the Agni is also widely anticipated.

Capable of piercing the most advanced of tank armours, the missile can be launched either from a tracked vehicle

or from a helicopter. In the recent tests, it was fired from a tracked vehicle, developed by the DRDO in partnership with Indian industry.

The missile's 4 km. range is matched by a "fire and forget" capability. Once a target is sighted, the missile automatically aligns to it. The time saved in engaging targets allows the weapon to be fired at a rapid rate, thereby adding to its punch.

Among other capabilities, the Nag has "top attack" features. Taking advantage of the fact that the armour is the thinnest at the top, it homes on to upper areas of a tank (usually the turret).

To make the missile light without reducing strength, its airframe is made of composite materials. Foldable wings enable the missile to be launched by a tube. The casing of the propulsion system is made of high strength aluminum alloys.

A tandem shaped charge warhead is made of a thinner front, shielding the main charge. Since reactive armours feature on most contemporary tanks (this armour explodes on impact thereby neutralising an incoming charge) the front portion of the warhead on the Nag has been designed to take this impact. Having seen through the reactive armour explosion, the full caliber main charge thereafter breaches the tank.

IRAN

Five Oil Tankers Purchased From South Korea

94LA0107B Tehran KAYHAN INTERNATIONAL
in English 20 Feb 94 p 8

[Unattributed article: "Iran Buys 5 Oil Tankers From South Korea"]

[Text] TEHRAN Feb. 19 (Dispatches)—Iran has bought five oil tankers from South Korea for \$490m to modernize its fleet, an oil ministry official said Saturday.

Mohammad Suri, quoted by the official news agency IRNA, said the tankers would be delivered to Iran in two years. Iran purchased the tankers on credit and will have to pay off the amount in 10 years, he added.

Suri, the director general of Iranian tankers company, said there were presently 29 oil tankers with the capacity of 5.4m tons in the Iranian fleet.

He said the tankers transported for exports one-third of the Iranian crude, estimated at one million barrels per day.

Iranian Foreign Minister 'Ali Akbar Velayati said on his return from a trip to South Korea in October that the two countries had agreed on taking out a loan to buy oil tankers.

South Korea is one of Iran's major commercial partners and trade between the two countries stood at \$1.7b in 1992. Tehran sells Seoul 160,000 barrels of crude per day.

Paper Looks at Next Year's Proposed Budget

94P50109A Tehran KAYHAN INTERNATIONAL
in English 17 Feb 94 p 3

[Text] In the government-proposed budget for the year beginning 21 March 1994, the most striking points are the unprecedented 47% rise in the government's budget, and the 60% jump in state-owned companies' budget. This request for statutory endorsement takes place at a time when the government's oil revenue, affected by the price crash, not only has declined and its future because of the slack world demand, is dim, but, as a consequence of the credit boycott, which has been imposed on the Iranian state for some time now, a major portion of oil receipts has to go into paying up the Central Bank's almost \$13 billion[b] matured debts better known as "overdues."

It was due to those very short-term and costly foreign debts that the government resorted recently to a policy of eliminating the non-government demand for hard currency. As a result, imports of raw and complementary materials and machinery parts for industries have come to an almost standstill. But on the other hand, no change has been made in the government undertaking as regards to paying "consumer" subsidies, among which the fuel subsidy alone comes up to somewhere around \$10b a year. Moreover, the measure to transfer to the public the state companies and units for which, despite the fall in activities, a monstrous budget of Rls 56,000b[rials] has been proposed, has come to a halt because of lack of a strong, tactful, resolved caretaker.

In this way the government intends to secure before anything else the personnel budget of its organizations and units, whether active or semi-active, and also to provide the necessary financial resources for carrying out the "manpower adjustment" policy in factories facing a cut in production caused by the lack of raw materials. Furthermore, the government prefers for the time being to continue paying consumer subsidies, which are mostly on foodstuffs, fuel, medicine, domestic flights and pilgrimage tours. But then, this method of tackling the problem of employment and earnings is, due to its human factor, a particularly sensitive social issue, will prove fictitious in the medium run with negative economic sequels.

While the government sticks to paying consumer subsidies and the economy's tax paying power is waning, the major outlet for financing the government's continuous budget deficit will be the Central Bank and taking advantage of the country's banking system. And both these sources are, incidentally, extremely inflationary.

In other words, the inflation arising from the increase in the government budget and unproductive subsidized

expenses is outwardly delusive in the short run, for it will produce a false impression that the problems of production and employment have somehow been desirably solved. Whereas the very existence of abundant money and liquidity will, in the medium run, leave devastating, inhibitive marks on the level of employment and the income of labor power. People will become more and more inclined to converting their money into land, property, gold and hard currency. The inflationary visions spiral will gulp down all the sinking-funds of industries and social security and retirement savings and do away with all incentives for productive investment.

In order to neutralize the inflationary sequels of the government proposed budget for next year, the following measures need to be taken:

1. The Islamic Majles should adjust the proposed funds at a reasonable single-digit inflation level;
2. Instead of spending thousands of billions of rials on keeping the state companies up, the government should as soon as possible transfer these units at a suitable price and by long-term installments to the public, experts and the personnel of the same units. Besides, the banking facilities asked for by the government should be made available to the private sector;
3. Except for the low-income and downtrodden strata, the government subsidies on pilgrimage tours, domestic flights, basic goods, fuels, etc should be phased out;
4. The Central Bank should be accorded greater independence to issue rial bonds in domestic markets and foreign exchange bonds in the world market and to show sensitivity to any decline in the rial's purchasing power and to be answerable to the public through the legislative branch.

Foreign Debts: Until now the role of the oil export earnings has been to shore up the government's general budget and meet part of the general spending.

However, as of 21 March 1993, the oil revenues have come to assume a dual (domestic-foreign) role. The continuation of the government budget movement, on the one hand, and of the process of repaying the foreign debts, on the other, is now mainly dependent on crude oil exports. Thus, with the scarcity of the revenue resulting from oil exports and the maturing of foreign debts the authorities have three courses in front of them:

First—Giving priority to domestic exchange expenditure and deferring the debts further.

Second—Giving priority to foreign debt payment and assuming a period of austerity at home.

Third—Choosing a middle course and earmark the hard currency partly for home and partly for foreign purposes.

Apparently, the best course is the third one. But then this is when the share portions for domestic exchange

requirements and foreign exchange requirements grow equally and at a limited fashion.

What has been proposed in the 1994-5 budget bill is for repaying just one billion dollars, and this means we have chosen the first course, i.e. giving priority to domestic exchange expenses and postponing the debts further. Whereas, foresight rules that we opt for the second course in the 94-5 budget for the following reasons:

1. The more we delay our debt, the bigger its principal and interest will become.
2. On-time repayment of debts does not push up the interest progressively. So, preparation in the 94-5 budget for paying a bigger portion of the debts could mean reduction in the debt burden in the future.
3. The experience of the highly debtor countries indicates that deferral, reborrowing and going round again have been one of the causes of their accumulated foreign debts...
4. Contrary to what some believe that today's world is the world of debts and so one should not be worried, our indebtedness is very much different from the indebtedness of, say, Brazil or Argentina. Because the West helps those countries to solve their problem...But with us...it stops at nothing to strike a blow at the Islamic system.
5. Neither the world oil price nor our exports are reliable for repaying the debts on time. And so, the sooner the debts are paid the more we can avoid the oil market fluctuations and debt crisis...

Liquidity & Inflation: According to the 1994-5 budget bill, state-owned companies add Rls 4,365b to the government's debt to the banking system, for they don't pay back a major part of the loans they have received.

Unfortunately, there is a big gap between the credits granted to the people and to the government sectors. In the 1994-5 budget bill the government instructs the banks to provide Rls 7,598b in credits to government-affiliated units and Rls 1,565b for the private sector. Among the government establishments too a huge portion goes to oil, gas, petrochemical, underground transportation system, steel, aviation and sugar-cane projects.

If the credits prescribed for the banks are set next year at the same levels indicated above and the private sector receives as much credits as it received this year, the liquidity expansion will exceed 25%. And this would bear no relation to the average 11.7% set by the Second Five-Year Development Plan.

Since the rate of inflation has hitherto grown in pace with liquidity, it will be increasing by the same ratio next year. And that is if there is no budget deficit, or else liquidity would assume a faster rate of expansion.

Inflation, however, can be contained through controlling the credit ceiling. One should at least avoid to extend credits to those investments which have no economic

justification and whose repayment by state companies is not possible. Otherwise, this would be considered a kind of budget deficit and could generate inflation.

As for the banking system, its organizational structure has to be reformed and revised. The administrative, organizational and promotional expenses of banks are already very high. Besides, the banking network charges credit receivers high profit (interest) and surcharges.

These have to be reconsidered... The cost-price of money at our banks is high compared with what it should be, and the penalty is paid by the public.

One of the problems relating to how banks are managed is the composition of the Money and Credit Council. A noticeable number of its members are from the credit-using ministries. In order to reform the monetary system, the composition of the Money and Credit Council has to change with mostly organizational-economic officials and economic pundits, not credit-users, being on it. Also, to reform the economic decision-making system the composition of the Council of Economy has to be altered. Because the consumer establishments are in the majority in this council and they push the latter's decisions towards being uneconomic.

A problem with the banks is that they have come to own companies. These should be transferred to the people as soon as possible. Direct investment accounting for 50% of the share should also be delegated to the people.

As monopoly is harmful in many economic activities, the banks too must come out of monopoly within the rules of Islam and the Constitution. Non-bank credit institutions should be allowed to operate so that the grounds for healthy competition would be provided. In this way the state banks which now call themselves non-government and public would no longer be able to impose all sorts of costs on credit users.

1 - The amount of loan to be received by some companies from the banking system in the year beginning 21 March '94 is like this: National Oil Company Rls 1.643b, Continental Shelf Oil Company Rls 130b, National Oil Products Distribution Company Rls 166b, National Gas Company Rls 226b, Power Generation and Transmission Company of Iran (Tavanir) Rls 427b, National Iranian Steel Corp Rls 280b, (Esfahan) Steel Mill Rls 100b, Mobarakeh Steel Rls 120b, National Petrochemical Company Rls 1,062b, IRI Airline Rls 150b, Iranian National Steel Industrial Group Rls 100b, Metro Company Rls 100b and Sugar-Cane and Ancillary Industries Development Company Rls 500b.

2. As a consequence of the budget notes alone 16% will be added to the liquidity next year.

Plan To Protect Domestic Production Detailed

94LA0100A Tehran ABRAR in Persian 3 Feb 94 p 4

[Text] Economic service. Custom duties and tariffs on imported goods will increase to protect domestic production. The general office of export-import regulations of

the Ministry of Commerce supports domestic production by establishing custom tariffs on imported goods.

According to a report from the office of public relations of the Ministry of Commerce, the general office of export-import regulations have prepared questionnaires for domestic production units to describe and list the kinds of similar imported goods that are produced domestically, so that the department of foreign trade of the Ministry of Commerce may be notified of the problem.

According to this report, the questionnaires include brand names and features of domestically produced goods, volume of annual production within the last five years, forecast of future production volume, details of the needed imported raw materials and their currency cost, the total production cost, and details of the imported goods whose counterparts are produced in the country.

Mazandaran Province Mineral Exports Viewed

94LA0107C Tehran KAYHAN INTERNATIONAL
in English 16 Feb 94 p 8

[Unattributed article: "7,600 Tons of Minerals Exported"]

[Text] SARI, Mazandaran Province, Feb. 15 (IRNA)—Some 7,600 tons of marmoreal and coal were exported from this northern province in the first three quarters of the current Iranian year (21 March-21 December, 1993), it was announced here Tuesday.

The minerals, worth Rls. 560m [rials], were exported to Turkmenistan and Turkey.

During the said period 1.558m tons of different mineral substances were extracted from the province, up by 4.5% compared to the corresponding period in 1992.

Narcotics Seizures Soar

[Unattributed article: "Iran's Drug Seizures Soar, 20 Killed in Recent Bust"]

94LA0107A Tehran KAYHAN INTERNATIONAL
in English 21 Feb 94 p 2

[Text] TEHRAN, Feb. 20 (IRNA)—Commander of the Iranian Law Enforcement Forces Major General Reza Seyfollahi here Sunday said that 20 drug traffickers were killed and 11 others injured when law enforcement agents smashed a drug ring in the southeastern Sistan-Baluchestan border province, on Friday.

He said the agents arrested another 103 people in the operation, which netted 3,287 kilograms (7,246 pounds) of opium.

In total, Seyfollahi said, 80,066 kilograms (175,512 pounds) of narcotics were confiscated in the past year, an increase of about 15,000 kilograms over last year.

He said 14,612 traffickers and 43,464 addicts were arrested in Iran over the same period.

Seyfollahi pointed out that the law enforcement experts had made a device to be employed in eight provinces to identify and register the number of those addicted to hashish in the country.

As for government policy to severe struggle against smugglers, General Seyfollahi said that to this end the law enforcement forces had carried out several operations in Sistan and Baluchestan and the Persian Gulf coastal provinces of Bushehr and Hormozgan. [sentence as published]

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